

KIVETON PARK STEEL BRIGHT FREE MACHINING STEEL FOR FORGING, UPSETTING & EXTRUSION FROM KIVETON PARK

WORLD NEWS

Disruption spreads at Sealink

Industrial action on Sealink ferries spread rapidly yesterday, with Folkestone-Boulogne and Dover-Calais services suspended...

Boost for Tory image

The Conservative Party will tomorrow launch a promotional campaign ahead of next week's conference...

Sanctions split S Africa

The US Congress's backing for sanctions was met by gloom in South African boardrooms...

BUSINESS SUMMARY

Norway rumours hit krone

NORWEGIAN krone was hit by a wave of selling as foreign exchange markets reacted to rumours of another devaluation...

MEXICO regards the \$4bn

(\$4bn) loan package negotiated with its foreign bank creditors as an interim solution...

BUILDING SOCIETIES

were cautioned by the Government against imprudent lending in the competitive mortgage market...

EC transport ministers

expressed sharp differences of opinion over UK proposals to liberalise air transport in Europe...

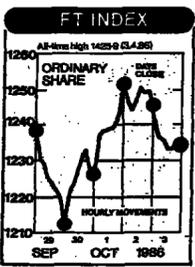
POLAND expects to seek

its first loan from the International Monetary Fund in December...

Opposition to higher base rates signalled by Bank of England

BY GEORGE GRAHAM

THE BANK OF ENGLAND yesterday set its face firmly against a rise in UK interest rates as the pound staggered to the end of a week that has seen it under intense pressure on foreign exchange markets...



The action is seen as a clear signal by monetary authorities that they do not regard a rise in interest rates as appropriate...

Dealers said bids for the Treasury bills were made at an interest rate of 12 per cent, and if the Bank had accepted them it would in effect have agreed to an immediate rise in base rates from the 14 per cent level...

System and a cut in the Japanese discount rate. Traders were happy to end the week with balanced books...

Yesterday the pound regained its footing against the D-Mark to close in London at DM 2.8225, picking up fractionally more in late New York trading...

Reagan 'not ready' for test ban treaty

BY STEWART FLEMING IN WASHINGTON AND PATRICK COCKBURN IN MOSCOW

THE WHITE HOUSE said yesterday that President Ronald Reagan was not ready to conclude a nuclear test ban treaty with Mr Mikhail Gorbachev...

Mr Larry Speakes, the White House spokesman, told reporters that the Soviet side was "continuing to insist on an immediate and complete test ban. We need to reduce weapons first, and then we'll talk about a test ban."

Mr Speakes was referring to a speech by Mr Gorbachev and comments by Mr Boris Pyadyshov, the Soviet Foreign Ministry spokesman in Moscow...

He was elaborating on a speech by Mr Gorbachev at a public ceremony in Moscow in which the Soviet leader warned the US that its "Star Wars" space defence programme was "a step to war."

His purpose in meeting President Reagan in Iceland was to reduce the threat of conflict. "We are calling for an end to nuclear tests and for a reduction of nuclear weapon stocks in earnest, and on a large scale."

The two countries had one and the same objective in the talks next week in Iceland: the realisation of the agreements reached at the U.S.-Soviet Geneva summit last year.

Mr Speakes' statements and those by Mr Gorbachev and the Soviet Foreign Ministry spokesman in Moscow served to underline the different approaches to next week's summit.

From the moment Mr Reagan announced on Tuesday that he would meet Mr Gorbachev and his officials have been playing down the prospects for reaching firm agreements.

In a formal statement Mr Speakes underscored the more limited goals of the US. The US objective was "to narrow differences that separate the US and the Soviet Union."

Although arms control was important the US agenda was broader, encompassing regional issues, such as Afghanistan, human rights and an improvement in bilateral relations.

In a move likely to attract further criticism of the Soviet authorities for harassment of the foreign press in Moscow, the translator for the correspondent of the Canadian Broadcasting Corporation was detained by police yesterday.

Mr Michael McIvor, correspondent for CBC, said his translator was taken away by police in an attempt to frame him. The incident occurred after a man telephoned Mr McIvor asking to meet him in the street, but refused to reveal what he wanted.

Revealing that Mr Nicholas Daniloff had been arrested and accused of spying after meeting a contact in similar circumstances, Mr McIvor sent his translator instead.

Associated Press writes: The US has asked the Russians to join in a news blackout during the talks next week in Iceland between Mr Reagan and Mr Gorbachev, a White House spokesman said.

WEEKEND FT



FRANCE

Graduates of the Ecole Polytechnique have changed the face of modern France but the institution itself is ever more controversial.

Page I



TSB FLOAT

For those who actually get shares, the big question now is: should they be held or sold?

Page IV



BOOKS

Former Coal Board chairman Ian MacGregor gives his side of the bitter strike that rocked Britain.

Page XX



SPORT

World Cup soccer is long gone. Now, it's time for World Cup hockey.

Page XXII

THE MONDAY PAGE

INTERVIEW

The FT launches a regular features page on Monday with an interview with Jacques Delors, president of the European Commission.



US jobless rise clouds Republicans' poll hopes

BY STEWART FLEMING, US EDITOR IN WASHINGTON

US ECONOMIC growth appears to have been slowing again, with unemployment up at the level of 10.3 per cent, which is a cause for concern to the White House and its Republican allies before the Congressional election next month.

The US Labour Department reported yesterday that the civilian unemployment rate in September jumped from 9.8 per cent to 10.3 per cent after three months of decline.

More significant in economic terms was evidence that the strong growth in service industry employment during the past three years showed signs of having moderated, while goods-producing industries began to decline again.

The unemployment statistics can set the tone for economic news for the month. The data yesterday strongly suggest that figures for industrial production and personal income in September will be politically damaging.

The labour market weakened in September, Dr Janet Norwood, the commissioner at the Bureau of Labour Statistics, told the Congressional joint economic committee.

The White House, looking as ever for a silver lining, disagreed. Mr Larry Speakes, the presidential spokesman, said the data were not in line with other surveys of business. "We see no reason to expect a rising trend of unemployment," and the economic outlook "remains bright," he said.

The unemployment total for one month, even when as strongly negative as the September figures, indicates trends but does not provide conclusive evidence. The figures, however, tend to reinforce the gloomy signal shown this week by the 0.2 per cent decline in the index of leading indicators.

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Senate, and President Ronald Reagan, struggling to retain his political influence as the race to succeed him is set to begin, are likely to find the new figures discouraging.

The data add to the growing conviction of private economists that figures for the Gross National Product in the third quarter, due on October 21, two weeks before election day, will not help the re-election prospects of Republican senators.

Private economists are already scaling down, to about 2 per cent from about 2 1/2 per cent, their estimates of real economic growth in the third quarter. This compares with some rather more hopeful indications from the Administration recently.

The economic news triggered a sharp rally in credit markets with the price of the benchmark Treasury long bond rising soon after the opening by about 11 points to yield 7.52 per cent on the hope of lower interest rates. Prices eased slightly by the close to 96 1/2 yielding 7.53 per cent.

The stock market followed. Continued on Back Page

THF-Hanson deal referred

BY NIKKI TAIT

HANSON TRUST'S £190m sale of a block of hotel and restaurant businesses to Trust House Forte, the catering and hotels group, is being referred to the Monopolies and Mergers Commission.

According to the Department of Trade and Industry, the deal, by Mr Paul Channon, Secretary of State, to make reference to the Commission, is the recommendation of Sir Gordon Borrie, Director General of Fair Trading, motivated by concern for the effect of the acquisition on competition on the roadside restaurant market, especially on trunk roads between towns.

The deal between THF and Hanson for 26 Anchor hotels, about 74 Imperial Inns restaurants, 66 Happy Eater roadside restaurants and six Wellcome Break motorway service stations, was struck last July. Hanson had acquired the businesses in its £2.6bn acquisition of Imperial Group, the British brewing combine, in April.

Hanson Trust said yesterday that the businesses had been sold conditionally, and that the transaction had been completed. Mr Martin Taylor, a Hanson director, added: "THF has been running the business since August. It was an unconditional sale and they took the risk of it being referred. We have no further involvement at all."

The monopoly worries stem from the combination of the newly-acquired Happy Eater outlets and THF's 251 existing Little Chef roadside outlets. "THF already runs more than a dozen motorway service areas and with the Wellcome Break business it is one of the biggest operators in the field."

The July deal was the first major acquisition made by Mr Rocco Forte, since taking over from his father, Lord Forte, as chief executive. Yesterday Mr Forte said THF was surprised by the reference and believed there was "no justifiable reason" for it.

But he added: "In the unlikely circumstances that we are forced to sell any part of these businesses, we know we will be able to do so in a manner beneficial to Trusthouse Forte shareholders."

On the question of possible purchasers, Mr Forte said: "I haven't given the matter much thought, but we had a number of enquiries for parts of the business when we first acquired it, and I have already had several people ringing on this news."

Among those thought to have been rival bidders to THF at the time of the Hanson sale were Scottish & Newcastle Breweries, Sears - where Mr Michael Pickard, former head of Imperial Brewing and Leisure, is now deputy chief executive - and Ladbrokes.

THF shares closed down 8p at 150p. Owens-Corning on course to acquire Pilkington offshoots. Page 10

A lady with designs XIX Lex, Back Page

Panish police clash with

Panish police clashed with a Sikh assassination squad broke into a compound where he was staying in Jalisco. A policeman died.

UK-Soviet space link

British and Soviet scientists are to collaborate on a project to send an unmanned space probe to Mars. Page 5

Shuttle set for 1988

Nasa space agency said the first space shuttle flight since the Challenger disaster is to be launched on February 18, 1988.

Belfast arms cache

West Belfast police seized a cache of 2,000 lb of explosives and machine-guns, rifles and ammunition, the biggest haul for several years. Anglo-Irish meeting. Page 4

UN chief 'second term'

Peru's Javier Perez de Cuellar has agreed to accept a second term as UN Secretary General, expected to be confirmed by the General Assembly next week, diplomats said.

Twin town plans

Lianfairwillyngwyllogerych hwyrdrowyllantyllogogoch, Anglesey, villagers are working on arrangements to twin their town with the Dutch hamlet of Ee.

Drug on the market

A Swiss court overturned a ban on sales of Opium perfume, rejecting claims that addicts might mistake it for the drug, but said the name showed "little socio-ethical taste."

MARKETS

Table with columns for DOLLAR and STERLING, showing exchange rates for New York, London, and other locations.

Table with columns for LONDON MONEY and NORTH SEA OIL, showing interest rates and oil prices.

Table with columns for US CLOSING RATES and STOCK INDICES, showing stock prices and indices.

Table with columns for GOLD and other market data, showing gold prices and other financial indicators.

Table with columns for UK drugs problem, Man in the News, and Tony Newton, providing news snippets.

Table with columns for futures, Small investors, and Tony Newton, providing market analysis and news.

Table with columns for Man in the News, Money Markets, and Stock Markets, providing various market data.

M&G OFFERS advertisement with details on Unit Trusts, Savings Plan, Planned Income Portfolio, Flexible Pension Plan, and 6-7 3/4% net + Cheque Book.

Poland likely to seek debt relief through IMF loan

BY DAVID BUCHAN
POLAND is expected to seek its first loan from the International Monetary Fund in December...

The Polish Government yesterday declared illegal the new Solidarity council formed this week and warned Mr Lech Walesa, union leader...

Subroto says Opec may raise quotas

By John Murray Brown in Jakarta
DR SUBROTO, Indonesia's Energy Minister, is confident production quotas under the Organisation of Petroleum Exporting Countries interim output sharing agreement...

Israeli coalition still deadlocked

BY ANDREW WHITLEY IN JERUSALEM

ISRAEL'S coalition partners, the Labour Alignment and the Likud, remained deadlocked yesterday over Labour's demands for an equal role in the running of the economy after Mr Yitzhak Shamir...

Labour leader reportedly insisted that Mr Gad Yarkobi, Labour's less-than-busy Minister of Economy and Planning...

As a reluctant Labour Party prepares to hand over the post of prime minister to its rivals, concerns over the advantages this could give Likud...



Yitzhak Shamir

Andrew Whitley reports on why Israelis are giving up their land Holy Land prepares for fallow year

Six years thou shalt sow thy field, and six years thou shalt leave it fallow...



Earlier this week the transaction had, as usual, been completed. Rabbi Pollach said. He did not disclose the name of the lucky temporary owner of Israel's hard won lands...

It's members cannot get good salaries from the religious court, the fruit trees may also have to go the way of the fields...

Spanish group to seek faster debt repayments

By David White in Madrid
UNION Explosivos Rio Tinto (ERT), Spain's leading chemicals group, has begun talks with Spanish and foreign creditor banks to try to accelerate repayment of the remainder of its debt...

Paris acts against terror threat during Pope's visit

THE FRENCH Government has taken exceptional security measures for the Pope's four-day visit to Lyon and the Rhone-Alpes region starting today because of renewed fears of terrorist attacks in France...

Mr Baudouin indicated that the latest threats coupled with the Pope's visit and the Jewish New Year celebrations were causing concern to the Government...

Fewer jobless says Bonn

UNEMPLOYMENT in West Germany fell last month and looks likely to do so again this month to touch the 2m mark for the first time in four years...

could drop further, Mr Heinrich Franke, Labour Office president, said in Nuremberg.

As a result of Opec's production quotas Dr Subroto said prices would "creep towards the high teens" next year.

Recent reports from all consultants suggested non-Opec production was likely to fall by 2.3 per cent in 1987 if prices remained between \$10 and \$18 a barrel.

Under the all-pervading influence of the orthodox rabbinate, modern Israel feels the time more than ever when it comes to matters of "Kashrut", the body of food and drink edicts which testify to religious cleanliness and purity.

Iran warns it may occupy a substantial part of Iraq

BY ROGER MATTHEWS, MIDDLE EAST EDITOR

IRAN HAS stepped up its propaganda war against Iraq. It said it may have to occupy a substantial part of the country to ensure the overthrow of President Saddam Hussein.

The relationship between the two countries has been punctuated by accusations over delayed Syrian payments for Iranian oil. There is understood to be a considerable sum outstanding.

FINANCIAL TIMES BOOKLETS

The following booklets are available from the Financial Times
Capital Gains. The key figures to calculating your tax \$4.50
How to compete on equal terms \$2.75
Jobs, pay, unions & ownership capital \$1.50

BASE LENDING RATES

Table with columns for bank names and interest rates. Includes entries for Abn-Amro Bank, Alibank, etc.

Cairo election 'landslide'

BY TONY WALKER IN CAIRO

EGYPT'S ruling National Democratic Party received almost 98 per cent of the ballots cast this week in an election for the Upper House of Parliament...

The opposition said it boycotted the election in protest at the electoral law which was weighted against smaller parties.

How to become a stag in bed

Next time there's a big new share issue, you could be among the "winners": one of the "stags" - the people who buy and sell fast, and make a profit!

INVESTORS CHRONICLE Money made easy.

Illustration of a hand holding a book titled 'INVESTORS CHRONICLE' with various text blocks and graphics.

Jasmin Electronics PLC OFFER FOR SUBSCRIPTION UNDER THE BUSINESS EXPANSION SCHEME

Of up to 1,000,000 Ordinary Shares of 25p each at £1.50 per share
Jasmin is not a start-up business but an established company with a profit record specialising in a customised process control, display and teletext systems for the public sector and major quoted corporations.

Handwritten signature or mark at the bottom of the page.

Mexico to seek further debt concessions

BY PETER MONTAGNON IN MIAMI

MEXICO REGARDS the \$6bn (\$4.2bn) loan package negotiated with its foreign bank creditors this week as only an interim solution to its \$97bn debt problem and will seek further concessions, particularly on interest rates.

Mr Luis Foncecarrada, director of Foreign Financing, at the Mexican Ministry of Finance, yesterday told a conference sponsored by the International Finance Corporation and Eurymoney, the banking magazine: "We all know that there is only one clear, solid solution to the debt problem and that is to get rid of the debt."

IMF says rescue package should not set precedent

The \$12bn (£8.3bn) rescue package for Mexico should not be seen as a blueprint for other debtor nations, International Monetary Fund (IMF) and World Bank officials said yesterday. Reuter reports from Washington.

Reagan set to veto toxic waste clean-up programme

CONGRESSIONAL negotiators have agreed on a \$2.5bn (£826m) toxic waste clean-up programme, to be financed partially by taxes on crude oil, but the whole package is likely to be vetoed by Mr Ronald Reagan, the US President.

THE SOUTH AFRICA SANCTIONS VOTE

Mixed response from Americans

By Anatole Kalesky in New York

THE SANCTIONS legislation passed by the Senate against South Africa elicited a broadly favourable response in US public and political opinion yesterday. However, the business and investment community kept a low profile.

US companies pressed from both sides

BY JIM JONES IN JOHANNESBURG

SOME sectors of the South African economy reacted instantly to the news of the imposition of sanctions by the US Congress, writes Anthony Robinson in Johannesburg. South African Airways, which flew 95,000 passengers to US destinations last year, is arranging schedules to re-route passengers via European capitals from October 12 at no extra cost.

US companies pressed from both sides

BY JIM JONES IN JOHANNESBURG

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ANC and frontline states applaud Congress decision

BY VICTOR MALLET IN LUSAKA

THE African National Congress and the black frontline states facing South Africa yesterday applauded the decision of the US Congress to press ahead with economic sanctions against Pretoria.

Stiffer EEC sanctions unlikely

BY ROBERT MAUTHNER, DIPLOMATIC CORRESPONDENT

THE US Senate's decision to override President Reagan's veto of a package of sanctions against South Africa does not mean that the EEC will follow suit, says a senior EEC official. The EEC's own measures against Pretoria are expected to be tougher than those of the US.

Norwegian krone hit by devaluation rumours

BY KEVIN DONE, NORDIC CORRESPONDENT IN STOCKHOLM

THE NORWEGIAN krone was hit by a wave of selling yesterday as foreign exchange markets reacted nervously to rumours of another Norwegian devaluation ahead of next year's budget which is to be released on Monday.

US car sales down 16.7%

RETAIL sales of new cars by the US car industry in late September declined 16.7 per cent from last year's strong levels, which analysts said was partly due to shortages of cars covered by special incentive programmes of the big Detroit car makers.

US dockers end strike as contract is extended

BY DAVID OWEN IN NEW YORK

DOCKERS in 11 ports on the north-east coast of the US were due to return to work this morning, ending a three-day strike, after terms for a 45-day extension to their expiring three-year labour contract were negotiated.

Dutch lose drugs case

THE international pharmaceuticals company Hoffmann-La Roche has won a 12-year court battle with the Dutch state over the price of two of its best known products, the economics ministry said yesterday.

Singapore tourism

SINGAPORE plans to spend \$400m (£210m) over the next five years upgrading tourist facilities and combating the decline of the tourist trade, Mr Goh Chok Tong, Singapore's Deputy Prime Minister, said yesterday.

David Gardner reports on how Nicaragua is facing up to shortages and revived Contra forces

Sandinistas battle on as economic pressures mount

NICARAGUA'S left-wing Sandinistas are facing up with grim resolve to the imminent prospect that US-backed Contra forces, flush with \$100m in aid from Washington, under tactical direction from the Central Intelligence Agency and fresh from saturation training by US military advisers, will step up efforts to drive them from power.

FORCED DISPOSAL HIGHLY IMPORTANT PUBLIC AUCTIONS OF SEVERAL HUNDRED EXCEPTIONALLY FINE AND MEDIUM QUALITY, HANDMADE PERSIAN CARPETS RUGS AND RUNNERS

# Building societies given loans warning by minister

BY DAVID LASCELLES, BANKING CORRESPONDENT

THE Government cautioned building societies yesterday against imprudent lending in today's intensely competitive mortgage markets.

The warning was given by Mr Ian Stewart, Economic Secretary to the Treasury, and raises to a political level the concerns already sounded by officials such as the Governor of the Bank of England about lax standards in the home loans business.

Mr Stewart told a meeting of building society officials at Eastbourne: "Although competition provides a healthy stimulus to business, it can also bring some extra risks."

He urged them not to lose the quality of prudence which had served them well in the past, and to pay attention to two points in particular:

These were the percentage of a property's value that they were prepared to advance, especially at a time when inflation was not the major factor pushing up house prices; and the ability of borrowers to



Ian Stewart: warns of risks in competition

service and repay their debt in the longer term.

Mr Stewart particularly urged societies not to abuse the right enshrined in the new Building Societies Act to raise more money from the wholesale markets.

This should be seen by societies, he said, "not so much as a quick source of additional funds for extra lending as providing a valuable degree of flexibility in the management of their funding and liquidity in volatile market conditions."

"It has never been a sound commercial principle that a lender has to do as much as possible of the available business, regardless of price or risk. The act, which comes into force next year, will allow societies to raise up to 20 per cent of their money in the form of wholesale deposits."

It will enable them to extend the range of their activities into banking-type services, but Mr Stewart said he hoped societies would not try to become jacks of all trades and masters of none.

"I hope that many societies, particularly those with a local or regional base, will not be afraid to specialise, only exercising such additional powers as are sensibly related to their mainstream business."

# Anglo-Irish Conference may convene in Dublin

By Hugh Carnegie in Dublin

THE ANGLO-IRISH Conference on Northern Ireland is expected to meet early next week for the first time since July and there are strong indications that it will convene in the Irish Republic for the first time since the Anglo-Irish Agreement was signed last November.

The previous eight meetings have been held in Belfast or London. Decisions on the venue and timing are not revealed in advance for security reasons and are subject to last-minute change but it appears the intention is to meet in Dublin.

Unionists opposed to the agreement will regard the discussion of Northern Ireland affairs in the Irish capital with the same fury they showed over the arrival of Irish ministers to discuss Northern Ireland issues in Belfast. But they protest they have failed to halt conference meetings and have been muted since the summer "marching season" of Protestant street parades ended in late August.

However, there are difficulties facing the two governments. Next week's meeting was intended for September and the last was an unscheduled get-together between Mr Tom King, the Northern Ireland Secretary, and Mr Peter Barry, the Irish Foreign Minister, called to iron out serious differences that arose over Royal Ulster Constabulary policy during the winter.

Now the two co-chairmen of the conference must tackle issues such as improving relations between the minority nationalist community and the security forces and, most difficult of all, proposed reforms of the Northern Ireland junior minister, said a number of measures were likely to be decided by the conference over the winter.

An Irish proposal to increase the number of judges in the non-jury "Diplock" courts from one to three is however still far from agreement.

# Receiver seeks to sell forklift truck maker as going concern

BY ARTHUR SMITH, MIDLANDS CORRESPONDENT

THE RECEIVER called in by Coventry Climax, the Coventry forklift truck manufacturer, is trying to sell the company as a going concern.

Mr Mark Homan, of Price Waterhouse, the accountancy firm, said last night that there was "a fighting chance" of finding a buyer for a company which, while obviously insolvent, had a well-respected range of products and customers.

Mr Homan addressed a meeting of the 800 employees at the Coventry factory yesterday to tell them of his plans. He hopes for a sale in the next three months, but has set no time limit.

The decision by Coventry Climax to call in a receiver late

on Thursday came as a shock to the workforce. The crisis was precipitated by a fire on September 23 at the Coventry headquarters which damaged stock, prevented dispatch of trucks and cut off revenue.

The company, bought from BL in 1981 by a consortium led by Sir Emmanuel Kaye, who owns Lansing Bagnall, the UK's largest forklift truck manufacturer, climbed back to a net profit of £200,000 in 1985 after suffering heavy losses in the previous three years.

A sharp fall in UK demand in the first six months of this year exacerbated by problems of low-cost imports from Japan and elsewhere in the Far East and pushed Coventry Climax back into the red.

Lansing Bagnall remains a profitable organisation. Sir Emmanuel's personal initiative to acquire 51 per cent of the shares in Coventry Climax in 1981 was interpreted as a defensive move to ensure more orderly marketing and prevent damage to Lansing Bagnall.

Mr Homan said last night that he had had time only to take "an initial impression" of the position at Coventry Climax. A number of people were expressing interest in buying parts or the whole of the business.

He was seeking meetings with both suppliers and customers to ensure that the business could continue to trade, and had warned employees that some redundancies might become inevitable.

# Maxwell appoints chief for BNPC

By Raymond Snoddy

MR ROBERT MAXWELL, chairman of Mirror Group Newspapers, has appointed Mr Bill Gillespie as chief executive of British Newspaper Printing Corporation which was set up at the beginning of the year to print the Daily Mirror, Sunday Mirror and the People and sister papers in Scotland.

Mr Gillespie is a former managing director of Times Newspapers and was involved in Mr Rupert Murdoch's plans, apparently dropped, for a London Post, an evening newspaper, at Wapping.

He joined MGN earlier this year as publisher of Mr Maxwell's London Daily News, due to be launched as a 24-hour-a-day newspaper in February.

BNPC has also increased its order for M.A.N. Roland web offset colour printing presses from West Germany. The original order of 16 presses has been increased to 21, worth a total of £70m. M.A.N. Roland said yesterday the order amounted to Europe's largest contract for newspaper presses.

The first presses are scheduled to arrive towards the end of this year and the order will be completed by October 1988. When they are installed, Mr Maxwell says BNPC expects to undertake contract printing of other national and regional newspapers.

# SDP proposes to link pay to productivity

By Peter Riddell, Political Editor

A LIMIT on earnings growth of 3 per cent a year, linking pay to average productivity growth, has been proposed by the Social Democratic Party.

Mr Ian Wrigglesworth, the party's economic spokesman, told a Hay/MSL conference in London that an incomes strategy which sought to cut off the extra earnings pressure resulting from an expansionary strategy could reduce unemployment by 250,000.

He said that combined with fiscal expansion it would be possible to reduce unemployment to less than 2m in the life of a parliament.

Mr Wrigglesworth warned that the next government might find itself with a horrendous legacy of rising inflation and balance of payments problems. This, he said, made an incomes strategy both desirable and necessary.

# Reuters offer confirmed

By Raymond Snoddy

REUTERS, the international business information group, yesterday confirmed it planned to buy Finsbury Data Services, the private UK data base company.

Reuters said that conditional heads of agreement had been signed for Reuters to make an offer to acquire the equity of Finsbury, which operates historic data bases services for private and financial markets.

Finsbury was founded in 1979 and is owned by three British financial institutions, Scottish Northern Investment Trust, Scottish Amicable Life Assurance and British and Commonwealth Shipping.

Most of Finsbury's more than 1,000 clients are in Britain but the database services are available worldwide through agents.

# Receiver sells Welsh abattoir

By Robin Reeves, Welsh Correspondent

WELSH QUALITY Lamb's Craven Arms abattoir in Shropshire has been sold to Halal Meatpackers of London, for an undisclosed sum, the Cardiff office of the receiver, announced yesterday.

The purchase gives Halal, owner of abattoirs in the Irish Republic and Anglesey, an abattoir on the Welsh border with a capacity of 10,000 lambs a week.

The Welsh Quality Lamb group went into receivership last month with trading losses approaching £700,000. The collapse contributed to a sharp weakening in Welsh lamb prices in September from an average of 152p a kilo to 123p.

# Lords whip appointed

MRS THATCHER completed her ministerial changes in the Lords yesterday by appointing the Earl of Dundee as a government whip.

As a Lord-in-Waiting, Lord Dundee, 57, will be paid £20,640. Mrs Thatcher is expected to fill the two vacancies in the government whip's office in the Commons next week.

Mr Norman Fowler, the Social Services Secretary, yesterday said that Mr John Major, Social Security Minister, is to be Minister for the Disabled. Mr Major succeeds Mr Tony Newton.

# Capital adequacy rules attacked

BY HUGO DIXON

DELOITTE, Haskins and Sells, the accountancy firm, has warned that proposed capital adequacy rules for building societies are too rigid.

The criticisms are in a letter to Mr Michael Bridgeman, Chief Registrar for Friendly Societies, and follows the publication of a consultative document in August.

The letter makes four main points:

● In assessing the value of gifts for capital adequacy purposes, their present market value should be used. The consultative document proposes instead that their average yield over the previous 12 months be used. Deloitte says this is contrary

to general accountancy practice. ● The document proposes that an adjustment to the capital value of gifts be made to take account of a possible 3 per cent rise in interest rates. It is suggested that, as long as building societies have built such a possibility into their yearly plans, no specific reserve is needed.

A similar point has been made by various brokers, including Greenwell Montagu. It has said that the registrar's proposal would lead to a massive sell-off of gilts and a slump in their prices, with detrimental effects on the Government's funding plans.

● There is a danger that the

capital ratios being suggested for the new activities, in which building societies are being allowed to engage under the Building Societies Act, will undermine the principles of the act. For example, they will be free to make unsecured loans, but the proposed requirement to set aside 20 per cent of the value of such loans in capital could make such business financially unattractive.

● Building societies should be able to issue subordinated debt and such debt should count as capital.

Apart from these specific points, Deloitte feels that the rules being drawn up are not flexible enough.

# Biotechnology investment

By David Fishlock, Science Editor

A £1.3m investment in biotechnology has been launched by Surrey University in Guildford to equip it with one of Britain's most advanced facilities for culturing monoclonal antibodies and other animal cells.

The facility, the Wolfson Cytotechnology Laboratory, has been funded jointly by the Wolfson Foundation, the University Grants Committee and Surrey University.

The laboratory, scheduled for completion next September, will support a new course in biotechnology which starts this term and stresses technology and engineering rather than biosciences.

With a staff of about 30, the laboratory will respond to a demand from biotechnology-based industries for graduates trained in engineering principles.

# Celltech likely to report another doubling of sales

BY DAVID FISHLOCK, SCIENCE EDITOR

CELLTECH, the British biotechnology company specialising in monoclonal antibodies, expects to report another doubling of sales for the year ending September 30.

This is in line with a pattern of growth sustained since the early-1980s, Mr Gerard Fairlough, Celltech's chief executive, said yesterday.

Its new rival in Britain, Damon Biotech, the European offshoot of a US company, has reported a sharp cut in plans to set up a £30m manufacturing plant for monoclonal antibodies at Livingston, Scotland.

Whitehall suggests that Damon's revised plans follow its failure to secure the expected production orders for monoclonal antibodies, a versatile and highly-priced new type of pharmaceutical ingredient. Both companies have received

# Business failures show increase

By Fiona Thompson

BUSINESS failures are increasing again, according to the latest survey from Dun and Bradstreet, the business information company.

After a short-lived decline at the start of the year, total business failures in Britain for the nine months to the end of September were up 0.4 per cent on the same period last year.

Company liquidations were 2.5 per cent down on 1985. Bankruptcies among firms, partnerships and individuals increased by 7.8 per cent.

Total business failures were 16,349 for the nine months, compared with 16,290 in the same period last year.

# Redundancies at Plessey and BICC in north-west

BY TERRY DODSWORTH

PLESSEY, the electronics group, announced 180 redundancies yesterday at its Edge Lane plant in Liverpool, where it makes the System X digital telephone switchgear.

This coincided with a similar move at BICC Cables, which is cutting almost 280 jobs at its electronic cable plant at Helsby, Cheshire. Both companies said that the proposed reductions were the result of efficiency drives essential in maintaining competitiveness.

The cut at Plessey amounts to a little less than 7 per cent of the 2,700 workers at Edge Lane, the main manufacturing centre of System X equipment in the group. The company has not trimmed staff in System X, making more but the group is under pressure in the market for advanced, digital, public telephone exchanges.

As part of the effort to cut costs in System X production, Plessey and GEC, the two UK companies that share the manufacturing of the equipment, established a working party to consider areas in which they could collaborate more closely on switchgear.

Plessey is also pushing hard to generate overseas sales. This week it launched a big demonstration of its technology in Bulgaria, where it is believed to be on a short list of two companies for a £50m order.

BICC employs 1,270 workers at its Helsby plant, where it makes electronic cables for several applications, including data communications. The market for electronic cables was strong and growing, and the redundancies were entirely an efficiency move, the company said yesterday.

# Development planned for Whiteleys site

By Paul Cheswright, Property Correspondent

WHITELEYS, once the hub of shopping in Bayswater, will be reborn by the end of 1988 as a retail and restaurant centre. A consortium of developers starts £25m of building work on the department store site in Queensway when final planning permission is forthcoming, most likely next month.

Development of the site is seen as important in reviving the commercial fortunes of Queensway.

Westminster City Council's planning sub-committee welcomed the general lines of the development scheme on Thursday. This opened the way to full planning approval by the complete committee next month.

The sub-committee was anxious that building work should start as soon as possible.

The developers, Arlington Securities, London and Metropolitan Estates, jointly owned by London and Edinburgh Trust and Balfour Beatty, and Dartmouth, which embraces Far Eastern interests, wanted to start last month.

# Commodities group starts second tin council case

BY STEFAN WAGSTYL

S. & W. BERISFORD, the commodities group, has taken another step towards trying to recover the money it lost in the tin crisis. It has started a second court case against the members of the International Tin Council, the inter-government pact which defaulted on debts of £900m last year.

Berisford Metals Corporation, a New York subsidiary, has issued a writ in London for just over £5m, against the 22 member governments, to cover losses incurred in trading tin metal.

J. H. Rayner (Mining Lane), Berisford's London metals trading company, had issued a writ this year for £15m against the ITC members, which include the British Government. The group made provision for tin crisis losses of £85m in its 1985 results.

Berisford is one of 11 London Metal Exchange companies which have formed a group, called Tinco Realisations, to try to recover their debts. Tinco plans to go to the High Court for an order for the council to be compulsorily wound up.

Brokers see the Tinco and Berisford actions as complementary. "It's a two-pronged attack," said one.

More ITC creditor brokers could follow. Berisford is issuing writs against individual governments, once they have successfully completed arbitration actions they are pursuing against the council itself. Three brokers have already won arbitration awards, a further five or so expect to do so shortly.

The actions stem from the collapse last October of the ITC's operations to support tin prices. When it failed, prices fell. Brokers and banks which had extended credit were left with heavy losses.

Ten creditor banks are separately co-ordinating their position. Sir Adam Ridley, a director of Hambros Bank and a spokesman for the group, said this week that the banks were closely watching the brokers' actions. They were still hoping for an out-of-court settlement.

The ITC's members, including Britain, have consistently denied liability for the council's debts. The council meets periodically to review its legal position.

# Flexilink launches its tunnel objections at the French

BY PAUL BETTS IN PARIS

FLEXILINK, the grouping of ferry operators and port authorities opposed to plans to build a tunnel under the English Channel, took its campaign against the project to France for the first time yesterday.

It recently launched an attack in Britain on the financial viability of the Anglo-French Eurotunnel scheme, and raised doubts about the safety of the twin-bore rail tunnel, which a consortium of British and French construction companies plan to build.

The latest campaign by the grouping is designed to try to undermine the international efforts of the Eurotunnel pro-

motors to raise their first £200m in public capital for the project from leading institutions.

Eurotunnel released, at the start of this week, the full prospectus for its £200m international placing. This first placing is to be followed by another £750m placing next summer.

The lobbying in France by opponents of the project is aimed to sow new seeds of doubt among French institutional investors, and eventually small private investors, as to the viability of the Eurotunnel. French institutions are expected to take up to £70m of the initial £200m placing. Flexilink also plans to extend

its campaign against the project among investors in the US, Japan and in other European countries that have shown interest in the first Eurotunnel private placing.

Mr Paul Ellis of European Ferries said: "Although we don't plan to go to the US or Japan, we will be briefing correspondents of Japanese and American newspapers in London."

At their first news conference in Paris yesterday, Flexilink representatives, led by Mr Jonathan Slaggett, managing director of the port of Dover, reiterated their warnings about the security of the Eurotunnel

proposals, maintaining that the cargo and passengers must be segregated in the rail shuttles, rather than as now planned. "Eurotunnel will be a financial disaster for its shareholders and bankers," Mr Slaggett claimed.

Flexilink distributed yesterday a photocopy of a letter from Mr Pierre Berezogov, former French finance and economy minister, to Mr Laurent Fabius, former French Prime Minister, deploring the decision to drop from the articles in the Channel tunnel concession the one that would have required enterprises making up a majority in the consortium to refrain from signing big work contracts without the approval of the project's

shareholders and other financiers.

Mr James Sherwood, chairman of Sealink, the Channel ferry company, has addressed a letter to French institutional investors raising questions about the financial viability of the Eurotunnel project.

The French public has shown little interest so far in the debate. Even the recent safety worries, over the shuttle system in the proposed twin-bore rail tunnel, have had little impact yesterday, as was acknowledged by Mr Guy Flamant, the director of the Calais chamber of commerce.

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\*ASSUMING COMPLETION OF THE HIGH SPEED RAIL LINE CURRENTLY PROPOSED IN FRANCE LONDON TO BRUSSELS  
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TWO HOURS FIFTY MINUTES LONDON TO PARIS THREE HOURS FIFTEEN MINUTES. SUBJECT TO PARLIAMENTARY APPROVAL  
& CO. LIMITED ON BEHALF OF EURO TUNNEL PLC AND EURO TUNNEL SA.

Anglo-Soviet link for sending probe to Mars

By Peter Marsh

BRITISH and Soviet scientists are to collaborate on a project to send an unmanned probe to Mars. The co-operation arises from an agreement by the two countries on space science.

Ford offers diesels at petrol car prices

By Kenneth Gooding, Motor Industry Correspondent

FORD'S new sales incentive programme includes what the company claims is the first variable-rate, low-cost finance scheme to be offered in Britain as well as some diesel cars for the price of petrol equivalents.

Eric Short analyses the life assurance debate over what investors should be told Battle over expenses disclosure intensifies

LIFE ASSURANCE companies are preparing for the next, and probably final, round in the battle over disclosure of expenses to be charged to investors under the Government's financial services legislation.

The SIB has come out against a requirement of full disclosure of commissions

contracts of the central theme that underlies the proposed legislation — that investors be provided with full information about their investments.

However, the Securities and Investments Board (SIB), the body that is drawing up the rules and is to be the overseer of the new regulatory system, has come out against a requirement of full disclosure of commissions.



Mark Weinberg: Sparked further criticism

When declared, the bonuses become guaranteed. Many who attack the stance of the SIB and the life assurance companies have seemed far from clear on how the with-profit system works.

low values, that an investor would receive, if he or she were to surrender in the early years, would not only demonstrate the effect of costs, but emphasise the long term nature of saving through a with-profit life assurance policy.

So far the two professional actuarial bodies have remained silent

periods, the premium expense loading may not mean much in terms of the expenses incurred. So far, the two professional actuarial bodies — the Institute of Actuaries in London and the Faculty of Actuaries, in Edinburgh — have remained silent on whether disclosure of charges is feasible or realistic.

Move by Lloyd's broker

By Nick Bunker

RICHARDS LONGSTAFF INSURANCE, the London-based Lloyd's broker, has revealed plans to set up a European insurance and reinsurance holding company based around its staff defecting from C. T. Bowring, one of Britain's biggest broking groups.

Second Australian group in deal for radio stake

By Raymond Snoddy

THE INDEPENDENT Broadcasting Authority has agreed in principle to a second Australian broadcasting group taking a significant slice of Britain's independent local radio system.

ian company, took a stake in 14 ILR stations including 49.9 per cent of LBC, the other London commercial station. The Paul Ramsey deal is subject to misgivings expressed by three of the 14 stations involved. The misgivings are expected to be resolved soon.

Licensed deposit taker stops trading

By Hugo Dixon

ORIENTAL CREDIT, a London-based licensed deposit taker, stopped trading yesterday. The main business of the company, controlled by Middle East interests, was trade finance in the Middle East and Nigeria.

ECONOMIC DIARY table with columns for date, event, and location. Includes entries for Tomorrow, Wednesday, Thursday, and Friday.

Advertisement for McCarthy Online featuring a large image of a person and text: 'Damned unfair, really. Expected you to know what the South China Morning Post said about your competitor's new electronic last week.' Includes 'On the other hand, if he did, so could you.' and 'Seeing is Believing'.

Advertisement for Dowty Group chief executive. Text: 'Dowty Group chief executive'. Includes details about Mr. A. N. Thatcher's appointment and background.

Large advertisement for F.T. - ACTUARIES SHARE INDICES. Includes title 'F.T. - ACTUARIES SHARE INDICES QUARTERLY VALUATION', a table of market capitalizations, and contact information for McCarthy Information Services.

McCarthy Online logo and contact information: 'The information you need - The way you need it'. Includes address: 'McCarthy Information Ltd., Brackley House, 10 Cannon Street, London EC4A 3DF. Tel: 01-248 8000'.

Labour Party

# THE LABOUR PARTY AT BLACKPOOL

## State shipping company promised

THE NEXT Labour government will take power to set up a public-owned short sea shipping company. Mr Robert Hughes, the party's transport spokesman, told the conference yesterday.

Delegates backed a motion that urged the return to public ownership of privatised transport industries and the establishment of a "publicly accountable, co-ordinated, expanded and integrated transport system," including a free national concessionary fares scheme and low fares for the unemployed.

Mr Hughes said Labour would repeal the 1985 Transport Act, which deregulated bus services, and "restore to local authorities the rights and responsibilities" to provide

transport services.

Moving the motion, Mr Jimmy Knapp, general secretary of the National Union of Railwaymen, said Sealink, the sea ferry company, had just sacked 100 of his members and he would ask the union executives to hold a ballot on industrial action, "so that we can fight alongside the seamen who are occupying those ships."

He condemned the British Railways Board for selling railway assets, accusing it of acting like a branch of the Adam Smith Institute.

Mr Hughes said the cuts in jobs and services proposed by

government policies for the decline in Britain's merchant fleet since 1979.

He condemned "Tory paymasters, like P & O" for sending their ships abroad for refitting. The next Labour government would make sure that such work went to British yards, he said.

Mr Skinner emphasised a section of a composite motion, overwhelmingly approved, which envisaged "State ownership of a British merchant ship-building and ship-repairing facilities."

Mr Skinner said: "We will find (the money) from the same place that the Tories did — from the casino economy when they rescued Johnson Matthey Bankers."

# UK NEWS=LABOUR

## AEU leaders keep control of construction section

BY DAVID BRINDLE, LABOUR CORRESPONDENT

THE RIGHT-WING leadership of the Amalgamated Engineering Union yesterday kept its control over the union's dissenting construction section in an important election for the section's deputy national secretary.

Victory in the election for Mr Geoff Garbutt, a full-time official based in Sheffield, prevented a threatened breakthrough by left-wingers who control the section's national industrial council.

Earlier this year the council tried to dismiss Mr John Baldwin, the national secretary. Mr John Gaines, council chairman, was runner-up in the election for Mr Baldwin's deputy.

The full results of the election, conducted by secret postal ballot, were: Mr Garbutt, 1,558 votes (52.4 per cent of those cast); Mr Gaines, 1,450; Mr Derek Wheaton, a full-time official from Dagenham, Essex, 1,444; Mr Ray Palmer, secretary of the Blyth, Northumberland branch, 836.

In a veiled reference to a further bid by the left, Mr Gaines pointed out immediately after the declaration yesterday that a successor to Mr Baldwin would have to be chosen on his retirement in about 18 months.

The construction section, representing about 20,000 workers mainly on large building sites, has increasingly been a

thorn in the side of the AEU leadership. The union's national executive committee was forced to block the attempt to dismiss Mr Baldwin.

The executive's decision has been accepted by the construction section council, though Mr Gaines said a meeting with national leaders was still being sought to explain reasons for dissatisfaction with Mr Baldwin.

The election for deputy national secretary was earlier suspended by a row over the alleged distribution of unofficial election material supporting Mr Denis Mayer, another left-winger. He subsequently withdrew from the contest.

## Policies 'radical and realistic'

THE CONFERENCE had approved "extremely radical and socialist policies," Mr Larry Whitty told delegates at the close of business yesterday.

"We have been taking the decisions this week which lay the foundations for the reconstruction of this country. Our policies this week have been radical as well as realistic."

Mr Whitty said the party had also taken decisions which would help improve its organisation. "We are building the base of the mass party of the kind that we dreamed of in the 1930s and 1940s and which we will need into the 1990s and the next century."

## Anger at youth section age plan

TO THE DISMAY of the party's managers, the final session of the conference came to a close, being reduced to disarray with feuding delegates in a melee around the platform.

Mr Neville Hough, the blunt and heavy-footed chairman, was at the centre of a furious row over the handling of a vote on the annual report of the party's National Executive Committee.

Several delegates protested at a suggestion that the age limit for membership of the Labour Party Young Socialists organisation should be reduced from 28 to 21—a move designed to counter the activities of supporters of Militant.

Their attempt to refer back the section of the NEC report dealing with the issue appeared to be ignored by Mr Hough, who had opened the proceedings by saying that delegates faced "a difficult morning" because of pressures on the timetable.

His refusal to permit the protesters to voice their objections from the rostrum—their frenzied activities made little vocal impact because of the microphone being switched off—brought abusive shouts and a slow handclap.

Mr Larry Whitty, general secretary, finally restored order by explaining that those who wished to refer back the NEC report could achieve their aim by voting against it.

In the event, the report was approved by 5,568,000 votes to 308,000.

Mr Whitty also sought to allay the concerns of black mem-

bers still angry over their failure to secure approval for the establishment of "black sections."

He promised that account would be taken of the criticisms directed at the Black and Asian Advisory Committee, and indicated it was likely to be revamped in the course of the next two or three months.

Black delegates showed little enthusiasm for this prospect and cheered Mr Russell Proffitt, from Lewisham, South London, when he maintained that the committee's title was patronising.

He said: "We do not want to be involved in an advisory operation. We want to get involved in a decision-making forum."

## Mirror's bid to drop contempt move fails

BY RAYMOND HUGHES, LAW COURTS CORRESPONDENT

A HIGH COURT judge said yesterday that he could not see a blind eye to what appeared to have been "outrageous defiance" of a court order by two print union officials.

Mr Justice Mans-Jones refused to allow Mirror Group Newspapers to abandon contempt of court moves against the National Graphical Association and two leaders of its graphics chapel (office branch) at the Daily Mirror.

He said that MGN had drawn the court's attention to what, on MGN's evidence, was a grave and flagrant breach of an injunction not to disrupt production of the Mirror.

That meant that it was no longer a private matter between MGN, its employees and their union. The authority of the court and its orders were in issue.

The judge adjourned the matter until October 31 to enable the two officials, Mr Tom Harrison and Mr Laurence Wells, to put in evidence.

He intimated that he would order sequestration of the NGA's assets.

On Thursday the judge had ordered Mr Harrison and Mr

Wells to appear before him yesterday to apologise and undertake not to break again an injunction restraining disruption of production of the Daily Mirror.

Yesterday he said the two men appeared to have snapped their fingers at the court's order by calling a mandatory chapel meeting that halted production on September 18.

Mr Jeremy McMullen, counsel for Mr Harrison and Mr Wells, urged that, as the NGA had undertaken to MGN that there would be no more disruption, the judge should take "a practical rather than a principled" approach to the alleged contempt in the interests of good industrial relations.

Mr Justice Mans-Jones replied that there was "grave danger" in that. He could not allow a general belief that court orders were unenforceable and could be broken with impunity.

Management at the Nottingham Post newspaper and the National Union of Journalists yesterday formally ended their eight-year dispute, originally over blacking, by signing an agreement reinstating the NUJ's negotiating rights and nominally offering sacked staff their jobs back.

## NGA chiefs to meet on Wapping

By Helen Hague, Labour Staff

LEADERS of the National Graphical Association meet on Monday to decide the union's stance on News International's package aimed at settling the eight-month-old Wapping dispute.

A special session of the union's national council will be followed on Monday night by a mass meeting of the 800 NGA members sacked by the company in January.

Deadline for acceptance of the package—which includes £58m compensation to be shared between the 5,500 print workers dismissed by the company—is Wednesday, October 8.

The company has said that the offer is open only to those unions which vote on it with a leadership recommendation to accept.

This tactic puts pressure on the NGA leaders to come out with a recommendation for acceptance, but the union's London regional council and fathers of chapel (office branches) who represent sacked strikers are urging members to vote against.

The company has frozen its offer to the general print union Sogat '82, declaring it has "little or no confidence" in the system of balloting under way.

## Call to end arms sales to Iran, Iraq

BRITAIN SHOULD end the export of arms and military equipment to both Iran and Iraq and stop training members of their armed forces, the conference decided.

Mr Patrick Roach of Battersea, London, said Britain was condemning Iraq's use of chemical weapons while selling to Iraq the protective clothing that made their use possible.

The conference backed an NEC statement condemning the suppression of human rights in both Iran and Iraq and supporting those "persecuted for their belief in socialism and democracy in Iran, Iraq and elsewhere in the region."

## Visa rules for Afro-Asian visitors to be debated

THE SHADOW Cabinet will force a Commission debate backed by a three-line whip about the Government's recent decision that tourists from India, Pakistan, Nigeria, Bangladesh and Ghana must obtain visas to enter Britain.

Mr Gerald Kaufman, the shadow Home Secretary, promised the conference yesterday.

He condemned the visa rules as "racist" and pledged that the "next Labour" government would repeal them in favour of a non-racist, non-sexist immigration control policy, which would not impinge on genuine tourists.

Mr Kaufman rejected the Government's argument that the rules were designed to cut congestion and delay at airports.

Those delays, he said, were not an unacceptable act of 600. They result from the humiliating and racially discriminatory treatment of visitors from those five countries.

In 1984, a visitor from Canada had a 60% chance of being turned away, while a Ghanaian tourist had one chance in 22. Of the 500,000 tourists from the five countries, only 0.05 per cent had failed to return home, he said.

The rules might be understandable if they reflected arrangements in other countries, but Britain did not require visas of visitors from many countries, such as the US, which required visas of British tourists, Mr Kaufman added.

"What distinguishes these countries is not their visa regulations. It is the fact that their citizens have black skins. This is not an administrative decision, it's a racist decision."

## Media control 'must not lie in foreign hands'

FOREIGN NATIONALS and companies should not be allowed to own a controlling interest in any British TV, radio, satellite, cable or news-paper company, the conference decided yesterday.

Delegates passed almost unanimously a motion which also urged statutory limits on the concentration of ownership in the media.

Mr Gordon Colling gave the National Executive Committee's support to the motion's objectives of "preventing the unacceptable concentration of media control in too few hands."

Mr Danny Sergeant, the national president of the general print union, Sogat said 90 per cent of the British press was not under UK control.

"Let's kill a myth about the British press. It's not British—it's foreign."

He said the sacking of 5,500 workers by Rupert Murdoch's International was "a symbol of the kind of freedom we have in Thatcher's Britain."

Mr Murdoch had changed his citizenship from Australian to American to meet the US requirements for domestic control of his media.

"Have no fears, Mr Murdoch doesn't want to become a British citizen."

## Activists snub NEC on reselection

CONSTITUENCY activists who fear that their success in establishing the reselection process for MPs is in danger of being undermined, inflicted a defeat on the party leadership on the final day of the Labour conference at Blackpool yesterday.

Assurances by Mr John Evans, MP for St Helens North on behalf of the national executive—which is considering introducing a one-member, one-vote procedure—where ignored.

His promise that no changes would be made to the reselection procedure before the general election failed to prevent a composite resolution—insisting that the general management committees of constituency parties should continue to play a dominant role in the reselection process—going to a vote which was carried by 3,549,000 votes to 2,603,000.

Mr Evans also said that constituency Labour parties, trade unions and other affiliated organisations would have until the end of July next year to submit their views on the effect of the possible widening of the franchise.

He argued that it would be unfair to a working party committee the issues of the resolution and argued that it should be referred to the NEC for consideration.

Ms Patricia Olley, from Olley, from Newham north-west, who is a member of the London Regional Policy Committee, was applauded when she recalled that reselection had been introduced to ensure that Labour MPs were accountable to their constituency parties.

She said that the defection to the Conservative Party of Mr Regi Prentice—who had received the support of 179 Labour MPs at the height of a long and bitter struggle with the general management committee of his constituency party—underlined the need for the reselection procedure.

Mr John Spellar, of the electricians' union, argued for the introduction of one-member, one-vote into the reselection process.

He said thousands of ordinary party members had domestic commitments which made it impossible to devote the same amount of time to politics as many of the activists who tended to control the general management committees of the constituency parties.

Mr Spellar claimed that, as a result, many general management committees were composed of a "select few" and said that those who wanted to leave reselection entirely in the hands of such bodies were advocating an elitist approach to politics.

## Jaguar offers two-year deal

BY HELEN HAGUE, LABOUR STAFF

WHITE COLLAR workers at Jaguar have been offered a two year pay deal which includes improvements in productivity bonuses.

The company, which struck a two year pay deal with white collar and manual unions in 1984, is keen to build the practice into its industrial relations strategy on a long-term basis.

White collar unions have been offered a two-phase deal which would give a 4.25 per cent rise on general wage rates from November 1 this year, with a further 4.25 per cent rise a year later.

This would give a clerical worker on average rates a £381 increase this year and a £405 rise next year.

In addition, the company has offered to consolidate a £3.75 a week productivity bonus into basic rates in the first phase of the deal, and 25 a week next November.

Under the company proposal, staff bonuses will rise from £42.50 to £45 in November, with a further rise to £48.25 when the second phase of the deal begins.

The consolidation and increase in bonus payments is in

ASSEMBLY of Austin Rover's new "flagship" car, the Rover 800, ground to a halt at the Cowley, Oxford, factory yesterday after supplies of vital components ran out.

Production of three other models, the Metro, Mini and Rover 200, built at the company's Longbridge plant in Birmingham, also came to a standstill and 1,000 men had to be sent home.

The problem came days before the International Motor Show opens at Birmingham's National Exhibition Centre when the eyes of the world will be on the British motor industry.

The problem was caused by an overtime ban in support of a pay claim by delivery drivers and Lucas Electrical, a supplier of electrical components to the state-owned car firm.

The immediate shortage is of headlamps and rear light units, but supplies of other components are also running low.

Austin Rover said no finished vehicles were coming off the production line at Longbridge but production work was continuing as normal and some assembly workers had been switched to other duties.

## Michael Cassell on how the Labour leader has shaped party policy for an election

## Troops start marching to Kinnock's tune

MR NEVILLE HOUGH, the former Second World War sergeant who, as chairman of this week's conference, kept his troops firmly under control, summed up the mood of the entire proceedings in his own, inimitable way.

During one of the rare debates which appeared to threaten mutiny, the man who alternately bludgeoned, bemused and amused delegates into good order, barked across the floor of the Winter Gardens: "Colleagues, cut it out. If you have any objections or complaints, make a mental note of them but shut up."

His outburst would have made an appropriate slogan for a Labour rally intent upon forging a unity and common purpose to lay the basis for victory at the next general election.

Indeed, Mr Hough himself invariably caused more friction than most of those on any floor, with a smugness of sexism and occasional touches of condescension and chauvinism creeping into a somewhat eccentric stewardship.

Nobody, it seemed, was safe from the blunt rebuke of someone who spent part of his life shutting steam engines. Even members of the party's ruling National Executive Committee were ordered to "stop prancing around on the platform," although Mr Larry Whitty, the general secretary, immediately did just that, as if to remind Mr Hough that the real power lay elsewhere.

No observer of the week's business could be in any doubt where that was.

Mr Neil Kinnock, the Labour leader, has had an excellent week and the consolidation of his control over the party and of policy direction has been clear to see.

There were, as always, conference debates: the leadership rejected a proposal for a ministers' women over-appeal.

He said the sacking of 5,500 workers by Rupert Murdoch's International was "a symbol of the kind of freedom we have in Thatcher's Britain."

Mr Murdoch had changed his citizenship from Australian to American to meet the US requirements for domestic control of his media.

"Have no fears, Mr Murdoch doesn't want to become a British citizen."

Mr Kinnock has also created a disciplinary procedure which should avoid a recurrence of the sort of self-inflicted wounds left by the stormy NEC hearings earlier this year. It should also help lift the threat of court action by aggrieved party members who believe they have been deprived of natural justice.

Mr Kinnock's dominance was further boosted by his deft handling of what might have been the highly embarrassing election of Mr Dennis Skinner as vice chairman of the party. It is just the sort of situation which, until recently, Labour might have totally mismanaged, leaving itself wide open to further charges that the leadership was in disarray. This time, Mr Kinnock moved decisively to freeze out Mr Skinner and to start a procedural review to ensure one of his leading critics never gets the "public platform" which would lend added respectability to his attacks.

At the same time Mr Kinnock dispatched to Knowlesy a team to investigate the local party procedures for choosing its by-

End of conference assembly at Blackpool

vious annual conferences have, through others saw the decision inflicted on the party hierarchy a sensible triumph in the essence of Mr Kinnock's leadership's campaign for more success appeared to lie not just in realism and less rhetoric.

Similarly, what was seen by efforts further to isolate and soften-peddling on the emasculate the left but in his composition of traditional ability, this time, to convince most grass-roots supporters to go with him.

His address reaffirmed the international socialist ideals, which might have inspired those in the hall more easily than the man in the street. But most delegates believed that he deftly handled the most contentious issue, and struck the right note in attempting to stem Mrs Thatcher's moral high ground.

Many delegates had misgivings about elements of the policy refined over the past six days. Many believed that several policy areas had had their sharp edges removed in the search for internal compromise and wider electoral appeal.

The open fudge on the phasing out of nuclear power was described by one conference delegate as a veritable

had more than an element of truth in it, few wanted to know.

Fringe meetings provided the usual opportunity for firing salvos at the shadow team.

Some leading left-wing lights, like Mr Eric Heffer, Mr Dennis Skinner and Mr Tony Benn still managed to pull in the crowds and raise the political temperature although their impact was strictly limited.

Behind the scenes, Mr Kinnock's supremacy within his NEC enabled the purge of the hard left to continue. The eight members of Militant were the first to succumb at the hands of delegates, though their conference antics did their cause no good. The party leadership now dismisses the Trotskyite tendency as an irrelevance, though there will be plenty of scope for their activities to create damage in the forthcoming Knowlesy North by-election.

Mr Kinnock has also created a disciplinary procedure which should avoid a recurrence of the sort of self-inflicted wounds left by the stormy NEC hearings earlier this year. It should also help lift the threat of court action by aggrieved party members who believe they have been deprived of natural justice.

Mr Kinnock's dominance was further boosted by his deft handling of what might have been the highly embarrassing election of Mr Dennis Skinner as vice chairman of the party. It is just the sort of situation which, until recently, Labour might have totally mismanaged, leaving itself wide open to further charges that the leadership was in disarray. This time, Mr Kinnock moved decisively to freeze out Mr Skinner and to start a procedural review to ensure one of his leading critics never gets the "public platform" which would lend added respectability to his attacks.

At the same time Mr Kinnock dispatched to Knowlesy a team to investigate the local party procedures for choosing its by-

## Sunderland shipyards reject BS pay offer

BY CHARLES LEADBEATER, LABOUR STAFF

BRITISH Shipbuilders' pay and conditions offer was yesterday unanimously rejected by 1,500 workers at the Sunderland Shipbuilders yards of North East Shipbuilders.

The company announced it would put the offer directly to its workforce after long-running negotiations with the unions ended in deadlock earlier this week.

The 1,000 manual workers at the company's Austin and Pickersgill yard are also expected to reject the offer at a mass meeting today.

The company has said that if its offer is not accepted by the end of the month, any settlement would not be backdated to April — when the last pay deal expired.

The vote at NESL's yards will be a setback for the company because they have a reasonably secure future, with three years' work guaranteed by a recent contract worth £90m with Danish Ferries.

However, 925 redundancies are planned at the yards by the end of the year as part of a package of 3,495 job losses announced earlier this year.

The company insists that the deal is not linked to the

## Pit walkout on Coal Minister

By Our Labour Staff

FORTY MEMBERS of the National Union of Mineworkers walked out yesterday at Markham Colliery near Chesterfield, Derbyshire, when Mr David Hunt, the Coal Minister, visited the pit.

About 900 miners stayed at work and apparently defied instructions from union officials to greet Mr Hunt with a "wall of silence."

"This was Mr Hunt's 25th pit visit since the end of the national strike."

## Walkout halts train services

COMMUTER train services were disrupted last night by an unofficial walkout of 45 railmen who refused to refuel trains outside.

The men at the Cow Lane depot in Reading, Berks, claimed British Rail had promised to allow them to work indoors once the cold weather arrived.

Some trains to and from Paddington were cancelled, including services to Warwick Airport. Local trains in the Reading and Newbury area were also halted.

# Bear market in UK futures

**FREE MARKETS** know no loyalties. They have had no stauncher advocate than Mrs Thatcher, but now they are persistently embarrassing her. The British Government has, in response, become a convert to managing markets, intervening in the foreign exchanges and trying to persuade the major economic powers to agree on worldwide stabilisation. The results have been unimpressive, and nails will be closely bitten in the week of the Conservative party conference.

On a short-term view, this is all perverse and unfair. Last month's trade figures were very bad, but almost certainly unrepresentative — and it is in any case years since markets were obsessed with monthly trade figures. The boom in consumer credit, and consequent bloated growth of broad money, has made sterling vulnerable, but that weakness has already been reflected in a sharp fall in the currency's trade-weighted average, and a still sharper fall against our main competitors in Europe and Japan. This should offer British exporters a keen price edge for some time. Recently, the CBI at last detected some moderation in pay settlements. On these considerations sterling should look like a good buy even without its present interest rate differential, let alone requiring a further jump in rates against the world trend.

However, markets require some long-term reassurance if they are to shrug off short-term disturbances, and this is lacking at present. Politically and economically the future looks highly uncertain.

The next British Government, whatever its colour, will have to make some painful adjustments. The fall in oil revenues which is already undermining the current account and the Government's tax revenues will be compounded by a fall in output. This will, for a period, be much faster than last year's medium-term forecasts suggested.

**Telling parallel**

The oil price fall has led to savage cuts in exploration and development, and investment only in the North Sea, but all over the world. Sooner or later this will lead to an oil price rebound, as marginal wells drop out. Until then, the real national income will be hit. This implies either a yawning trade deficit, or a determined attempt to cut private and public spending after years of seemingly effort-less increase. If sterling was weak when the going was easy, it is not surprising that it should be weaker when the going looks tough.

How tough it will be depends on two factors which the Government cannot or does not choose to control. The first is the prospect for world growth

—the question on which the Group of Five were split during the IMF meeting in Washington. In spite of their agreed forecast of sustained though fairly sluggish growth in 1987, their perception of the risks in this forecast is radically different.

The US Administration, with the President's firmly declared concurrence, fears that nobody is taking their own adjustment efforts as seriously as they deserve. The US budget, they claim, is being tightened significantly on a cyclically adjusted basis. US external demand, which has led world expansion for five years, should shrink.

The Americans fear this will create a vacuum, sucking world trade into a recession, and debtor countries into default. Germany, especially, which is enjoying accelerating growth, does not believe a word of this, and is more worried about excessive money creation, notably in the US reserve system.

Like most arguments about the future, this one is haunted with images of the past. The Americans are thinking in terms of the 1929 crisis, with falling commodity prices, debt defaults and deep farm depression. The Germans are thinking in terms of the 1970s, with dollar expansion, benign neglect of the exchange rate, and a subsequent inflation crisis. Twelve months from now, it will be much easier to say which is the more telling parallel.

**Pressing question**

Within the same 12 months British voters may also have to choose a new government. Unfortunately, the two main contenders for office seem to be living in the past. The Labour conference, which has just ended, for all its new unity and moderation, seemed concerned to abolish the last seven years as some kind of nightmare interruption to a happy social progress; there was all too little recognition that the last Labour Government faced and failed to solve problems which are likely to reappear. The next week will show whether the Conservatives have more to propose than a prolongation of the last seven years, tacitly ignoring that the economic underpinning has gone.

Meanwhile, the Chancellor will face a much more pressing question: How to respond to the market pressures he has failed to control. Unless the consumer borrowing boom suddenly peters out (which is most improbable), he will face an unpalatable choice between higher interest rates (or some other curb on overspending) and a constant incipient sterling crisis. His actions will do more to determine Conservative prospects than anything in his conference speech.

# Hard search for the heart of the matter

By Richard Evans

**T**HE media's treatment of drug stories has been increasingly alarmist: Britain about to be swamped with cocaine; boy of 14 dies from drugs cocktail; CBI warns on drugs problem in industry. It sometimes seems as if the City and the country's boardrooms are awash with drugs and the nation's youth turn out en masse into junkies. Is this just headline writers' hyperbole?

Most evidence about drug abuse is anecdotal rather than statistical, but it is estimated by doctors specialising in chemical dependency illnesses that 10 per cent of secondary school children in England have used illegal drugs at some time. In inner cities the problems are much worse.

Ms Judd Barker, a drug abuse officer in Southwark, says drug taking is endemic on south London estates, with many children starting to experiment with glue sniffing from the age of nine. She tells a horrifying story of the local economies of drug trafficking. A 17-year-old, asked how he managed to finance his habit on the dole, said he spent his £23 Giro benefit cheque on a selection of drugs, divided and resold them and within three weeks was making a profit of over £300.

People in all walks of life, however, from City whizz kids to the Glasgow long-term unemployed, are affected. According to Home Office statistics there were just over 9,000 registered addicts in Britain in 1985, an increase of about a quarter on the previous year, but experts reckon the true figure is between five and 10 times higher. Mr Dave Turner, co-ordinator of the Standing Conference on Drug Abuse (Scoda), an umbrella group for organisations working in the drugs field, estimates the total at 60,000 to 70,000.

The scale of the problem is also roughly indicated by the record 30,500 drug seizures by Customs and police last year, 7 per cent more than in 1984 and three times the 1975 total. The number of people found guilty or cautioned for drug offences was also a record at 36,000 last year. A widely accepted rule of thumb suggests that for every package seized nine go undetected. The incentive for smugglers is huge. For example, a kilo of cocaine is worth £5,000 in Colombia but £180,000 on the streets in the UK.

A Commons Select Committee in a recent report called drug abuse "the most serious pestiferous threat to our national well-being." How and why did it happen?

In the mid-1950s there were only 50 registered heroin addicts in the country, who received their supplies from doctors. There was no organised black market and the only illicit

heroin available came from "spillages" from prescriptions and break-ins at chemists. Even in the early 1970s there was only a small sub-culture of addicts centred mainly in London, able to buy illicit supplies from war-torn South-East Asia. UK ports and airports were used primarily as trans-points between the "Golden Triangle" producer countries of South-East Asia and Europe and the US.

The Home Office dates the beginning of the present epidemic of heroin — still regarded as the main problem — to the toppling of the Shah of Iran, when wealthy Iranians fled the country with their assets converted into easily saleable drugs.

It is like a California gold rush. The massive expansion of the cocaine trade in South America is mind-boggling," he says.

A warning signal is that last year, for the first time, seizures of cocaine in Spain and West Germany, which have closer cultural and commercial links with Colombia and Bolivia than does Britain, exceeded those of heroin. It is beginning to be brought to Europe not only by courier through Spain but by freight lorry, mainly to West Germany and Holland. In Britain last year, Customs confiscated 88 kilos of cocaine — one-and-a-half times as much as in 1984.

Its use is not confined to pop stars or the wealthy young. "We

are waiting to see if the warnings that the dam is about to burst are true," says Mr Mellor, who is anxious to change the image cocaine has of a "champagne drug".

The risks of cocaine are multiplied in "crack", a variation in which cocaine is mixed with baking soda and water to create pellets which are smoked in pipes or rolled for cigarettes.

Crack gives an immediate boost to the nervous system and is highly addictive. The major worry is that the drug, which becomes much cheaper to buy than pure cocaine, could attract the amphetamine abuser.

Abuse of amphetamine, known as "speed", is also sharply on the increase. According to Judd Barker, it is no longer even regarded as an illicit drug in his part of London. It is often used just to stay awake for all-night parties when the "real" drug-taking happens.

David Turner fears that although "crack" is not yet widespread, all the propaganda about it means that "many can't wait to try it".

Whether the Government is doing enough or is channelling limited resources in the right direction is the subject of fierce argument, but at least there is a general feeling that Whitehall is, belatedly, tackling drug abuse with some energy.

An anti-drugs campaign was launched two years ago,

primarily on the initiative of Mr Leon Brittan, then Home Secretary. He thought that progress would be impossible unless all the strands of Whitehall decision-making on the treatment of addicts, police activity and the seizure of drugs by Customs, could be brought together.

So a Ministerial group, codenamed MGMD, was set up, chaired by Mr Mellor, an energetic publicist. "I carry very light ideological baggage on this trip... we simply have to deal with the problem pragmatically," he comments.

There has been a stream of initiatives, including educational videos, a controversial series of television advertisements and posters, fresh legislation allowing seizure of drug traffickers' assets and financial aid for Pakistan and South American countries to combat cultivation of the opium poppy and the coca plant.

Ministers argue that there is no dramatic initiative they can take to eradicate the drugs problem. They have adopted a campaign based on five strands: international action involving closer liaison and exchange of intelligence; tougher enforcement, with greater resources for Customs and police; longer deterrent sentences for trafficking; increased propaganda; and additional resources for treatment and rehabilitation.

Despite lack of resources, the Department of Health and Social Security has allocated £11m to health authorities to set up new treatment centres for addicts and it is spending an additional £5m a year to expand and improve existing facilities.

It is in the area of treatment and rehabilitation that there is controversy—approaching open warfare—between two schools of thought.

In the "orthodox" treatment practised by the Government drug dependency units the intention is to get the addict off drugs as rapidly as possible. An addict with a relatively modest half-grain-a-day heroin habit (costing £35) is put on Methadone, a heroin substitute, and given reduced dosages aimed at weaning him off drugs completely within about two months.

The private sector has been quick to set up fee-paying detoxification centres to cater for the demand that the National Health Service fails to meet. Fees range from £400 a week to over £1,000.

The "unorthodox" system, practised by a small number of private doctors and by some voluntary community groups, involves a much more gradual phased withdrawal, depending more on the inclinations of the addict. The idea is to stabilise the personal background first to give a secure base before tackling the addiction.

Practitioners claim that the

Whether the Government is doing enough is a matter of fierce argument, but at least there is a general feeling that Whitehall is, belatedly, tackling drug abuse with some energy

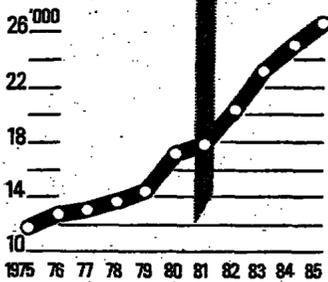
## Britain's drug problem

### SEIZURES

	1981	1982	1983	1984	1985
COCAINE	503	389	684	889	662
HEROIN	319	985	1,940	2,995	3,176
LSD	984	464	518	629	494
CANNABIS	19,452	21,446	24,514	25,738	17,115
AMPHETAMINE DEXAMPHETAMINE LEVAMPHETAMINE	1,076	1,645	2,329	2,756	3,314
TOTAL SEIZURES OF CONTROLLED DRUGS	19,428	21,636	26,216	28,560	30,466

### OFFENDERS

Persons found guilty or cautioned



Government's drug units can be inflexible, moralistic and arbitrary and it is estimated that 95 per cent of addicts refused to seek treatment.

Mr Eric Blakeborough, who runs the Kaleidoscope voluntary project in Kingston upon Thames and has been helping young addicts for 20 years, believes that any programme has to be popular with addicts in order to achieve success.

Weeks of detoxification in a hospital followed by many months in a hostel is he says too much for addicts to cope with. He advocates a refined programme of Methadone treatment which overcomes the obsession to find the daily fix at any cost. He claims an encouragingly high success rate.

The arguments over treatment methods are set to continue, but it is hard to see any significant decline in Britain's drugs abuse problem until the marketplaces of the wholesalers—India, Pakistan and the High Andean states—are brought under much stricter control. Propaganda and publicity, however skilful, are unlikely to work except at the margins.

More Customs officers and more alert parents and teachers may be only treating the symptoms. It is only when the suppliers and traffickers are defeated that the crisis will be overcome.

## Man in the News

Paul Volcker

# This time a voice from the shadows

By Stewart Fleming



**A YEAR AGO** in Seoul, South Korea, it was a dazzling display of political pyrotechnics from Mr James Baker, the newly installed US Treasury Secretary, which dominated the headlines and set the atmosphere of the annual meetings of the International Monetary Fund and the World Bank.

Fresh from his role as White House Chief of Staff, where he had helped mastermind Ronald Reagan's re-election with the promise that "it's morning again in America," Mr Baker offered the assembled finance ministers, central bankers and delegates from developing and industrial countries a "Baker Plan" for tackling the Third World debt crisis.

They should, he said, grow their way out of their problems rather than just tighten their belts. The industrial countries, the World Bank, the IMF and the commercial banks would help them do it.

A few weeks earlier, the Treasury Secretary had called together the finance ministers of the major industrial countries at the Plaza Hotel in New York. There they had agreed that devaluing the dollar had to be a key ingredient in their efforts to prevent a heaving world economy from careering off the rails.

The mood in Washington this week as the IMF and World Bank delegates met again was much more sombre.

Mr Baker has held no briefings for the massed, polyglot media. Instead, perhaps the most striking image has been that of Federal Reserve Board chairman Paul Volcker, a man who has yet to give an on-the-record interview, as, chairing the IMF, so deep in thought that even headstrong journalists are loath to intrude.

It has been Mr Volcker's task at this year's annual meetings to help the Treasury Secretary save the Baker plan; to try to control, if not to solve, the conflicts between the governments of the industrial countries and between the developing countries and their bankers.

The Fed chairman's effort began in public even before the informal pre-meetings of the industrial world's finance minis-

ters and central bankers were under way.

On Wednesday, September 24, with Mr Baker and the European (especially the West German) finance ministers firing vituperative volleys at each other as a result of Mr Baker's threats to devalue the dollar further if the Bundesbank did not lower its interest rates, Mr Volcker took the stand in Congress to testify on the state of the world economy.

For the ensuing hour he carefully took both sides of the argument and spun phrases to soften the sense of confrontation—crucial given the delicacy of issues like the Mexican debt negotiation.

Yes, if the US trade deficit was to be reduced without a recession and if a protectionist backlash in the US is to be headed off, domestic economic growth in Japan and Europe must be relatively faster than the United States so the US could export more.

But dollar devaluation alone would not painlessly reduce the

deficit — Mr Baker knows this too and has been examining such issues as how to correct the trade balance with countries like Korea and Hong Kong.

Moreover, Mr Volcker added, as the industrial countries seek to improve the co-ordination of their economic policies perhaps they should worry less about whether, for example, interest rates should be cut today or next month. "What is more critical than the precise timing of particular measures," he said, "is achieving a realistic understanding of the interactions among national economies."

Here was a message for both sides, but perhaps particularly for Mr Baker. Let's stop bickering, or pressuring each other to take specific actions at a particular time, Mr Volcker appeared to be saying, and focus instead on the longer-term strategy for getting out of the world's economic mess.

The bickering, of course, did not stop and will continue, but it remained subdued as Mr Volcker moved on during the

early days of this week to do some arm-twisting himself with Mr Baker's help. This time it was America's commercial bankers in particular, and their international peers, who felt the noose of government persuasion.

By Wednesday of this week they had agreed to provide Mexico with some \$6bn of new money to match the funds the governments and their lending institutions are putting in.

As the negotiations went on US officials, with Mr Volcker's support, were warning that failure to bail out Mexico could again pose a threat to the stability of the world's financial system. It would, moreover, make Mr Baker's faltering Third World debt initiative look even more palsied. Did the commercial banks really want to be saddled with this awesome responsibility?

Mr Volcker would be the last to claim that he has resolved any of the world's pressing problems. He is too much of a realist for that. The world economy is still faltering under

its trade imbalances and Mexico is only nibbling at the bullet of economic reform. But the Fed chairman sees progress as a process of incremental gains; to him just winning time to find solutions, just holding catastrophe at bay, is a victory.

Eight months ago at a board meeting of the Fed in Washington, the impossible happened. Mr Volcker was initially outvoted on a decision to cut the discount rate. When a month later the news broke, dire warnings about his influence in Washington and the world followed.

Today, the Fed board is less strident-bound and Mr Volcker has reasserted his authority. Some suggest the chairman has drawn the teeth of opposition to his financial conservatism by leading Fed interest rates dramatically lower as his antagonists were urging him to do at the beginning of the year. He has also subtly shifted the rate of the discount rate into the wider forum of the Open Market Committee, which he has tried to pack with officials sympathetic to his views, just as some of the men around Ronald Reagan have tried to pack the seven-man board with people sympathetic to theirs.

But the battle for influence at the Fed is about to resume. On Thursday, Fed governor Emmett Rice, of late a loyal Volcker ally, resigned. Mr Reagan, who reappointed Mr Volcker, is about to nominate the sixth of the seven Fed governors. The Reaganites are wetting their lips in anticipation of seeing a supply side loyalist on the board to press the case for even lower interest rates.

It is ironic that just as Mr Reagan's voodoo economics is being written off as a failure in terms of growth, capital investment and the budget deficit, its authors may be in a position to appoint the Fed board of their choice, for Mr Volcker's own term of office expires next August. It is doubly ironic, however, that because of the supply side ideology's perceived failure, the Reaganites' power of appointment may prove to be as empty as their promises.

Mr Volcker may have the last wry smile after all.

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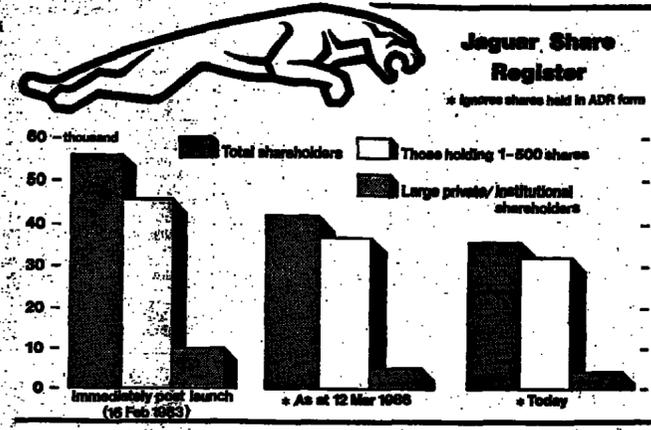
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01248 8000

THE PRIVATISATION LOTTERY
So far, so good for the small investor



The figure was 1.57m out of a total 1.58m. So while the number of institutional holdings halved, private shareholders fell by just 6 per cent. And, although the company has yet to count the damage a share realisation fears may have inflicted, it says a cursory glance shows 'very little change'.

SOMEWHERE between the Cambridge and the coffee, conversation begins. Pro-Britain's largest institutional investor falls to reminiscence. 'At what price did you sell your own Telecom shares?' challenged one prominent fund manager. '96p,' replied his equally illustrious colleague. '96p,' wailed, a second. 'Ha,' said the questioner, with only the faintest air of triumph. 'I stuck out for 194p.'

up a total of £13,000 in all. Having bought the shares, you simply stay there, ignoring any cash calls but collecting the dividends as they roll in. Today, five years on from your first investment you would clear a profit of £17,328, an overall 133 per cent return on your total investment. Bull markets notwithstanding, that sounds fairly healthy, too.

The NHS board
A chairman of benign intent

By Robin Pauley

AS Mr Tony Newton, the amiable new Health Minister, is away enjoying one honeymoon (he was married last week) the Prime Minister has just brought his other 'honeymoon' to a rude halt. Appointed as Health Minister less than a month ago, he had looked forward to a lengthy honeymoon—the grace period accorded most politicians in a new ministry. Parliament does not resume until November and he is too new in the job to come under much pressure at next week's Conservative Party conference where his boss, Mr Norman Fowler, will be the one required to prove to the increasingly anxious party faithful that the Government is not turning off the NHS life support machine.



Mr Tony Newton

All written by men

From Mrs M. J. M. Virgo. Sir—Over recent months my husband and I have read with mounting annoyance the series of specious attacks in your columns on the Chancellor's long-overdue proposals to give married women equality in the eyes of the Inland Revenue.

Letters to the Editor

ing the September 16 article, which shows a significant disparity between the Turkish economy and those of even the least advanced current members. Secondly, there is a legitimate question as to whether Turkey has progressed far enough along the road to recovery of its democratic and human rights credentials to warrant removing the EEC-Turkey Association Council from the deep freeze.

Building societies' role in inflation

From Mr K. K. George. Sir—The TSB sale might give more of a boost to the economy than perhaps Mrs Thatcher intended. Most private investors will realise their profits, which will then be spent on consumer goods. Shares sold by private investors are going to be taken up by institutions, which will in effect be paying for the private spending spree.

BUILDING SOCIETY INVESTMENT TERMS

Table with columns: Product, Applied rate net, Net interest rate, Minimum balance, Access and other details. Lists various investment products from Abbey National, Aldi, and others.

Turkey and the EEC

From Mr A. D. Beritad. Sir—Why go to such lengths (September 16) to pin the blame for Turkey's difficulties with the EEC on Greek political intransigence only to contend later in the same article that 'the truth is that not a single one of the 12 member states actually wants Turkey in the club, but no one but Greece dares spell it out?'

Smoking: a 'not proven' verdict

From Dr G. Myddelton. Sir—According to the president of the Royal College of Physicians (September 12) the statistical increase in mortality rate found in cigarette smokers compared to that of cigar and pipe smokers (who have virtually the same death rate as non-smokers) can be 'easily explained' since the former inhale large quantities of tobacco smoke directly into their lungs, whereas the latter are 'mainly filters'.

Forgoing interest for the TSB

From Mr K. Summersall. Sir—It seems it is not only the investor who has attempted the cash in on the TSB flotation. The building societies are also making money out of the private investor.

Underwriting fiasco

From Mr K. Richards. Sir—I write concerning the fiasco of the oversubscription of the TSB offer. Could someone explain why it was necessary to spend vast amounts on advertising to create a demand which could not ultimately be met and then to spend even more on underwriting?

UK COMPANY NEWS

Belzbergs believed to have lifted Exco stake

BY DAVID LASCELLES

First City Financial, the Canadian financial services and investment company controlled by the Belzberg family, is believed to have increased its stake in Exco, the UK foreign exchange and money broking group, from 9.8 per cent to 10.2 per cent yesterday.

through the 10 per cent limit imposed by the Bank of England on the ownership of foreign exchange brokers by banking institutions to prevent conflicts of interest.

However, the Belzbergs are understood to have made a submission to the Bank claiming that there is no conflict, and seeking clearance to hold a stake greater than 10 per cent.

Tottenham in red and looks to diversify

By David Goodhart

Tottenham Hotspur, the only publicly-owned football club in the country, has reported a loss of £750,000 for the year ended May 31 1988 compared with last year's pre-tax profit of £663,000.

However Mr Paul Bohoff, chairman, said the results reflected the peculiarly difficult conditions in the season immediately following the Brussels and Bradford disasters, including the loss of European competition matches.

Owens-Corning on course to buy Pilkington offshoots

BY TERRY DODSWORTH

Owens-Corning Fibreglass, the US building materials group, cleared the first hurdle in its attempt to take over two Pilkington Brothers subsidiaries yesterday, when the UK Government decided not to refer the acquisition proposal to the Monopolies and Mergers Commission.

The success of the deal now hinges on the view of the West German cartel office, which is also examining the competition implications of the proposals.

and Industry, said that the potential detriment to competition was not serious enough to outweigh the employment and efficiency benefits to be gained from the strengthening of the UK fibreglass industry likely to result.

Kennedy Brookes buys Crusts

BY RICHARD TOMKINS

Crusts, the USM-quoted bistro and wine bar chain, has unexpectedly agreed to a £7.7m bid from Kennedy Brookes, the fast-growing hotel and restaurant group, less than a year after being floated on the junior market.

mer employers as at one stage bought six restaurants from them.

the more affluent parts of west London and southern England, together with the Royal Norfolk Hotel in Bognor Regis, Kennedy Brookes has 56 restaurants including those trading under the Wheelers, Mario and Franco Distinctive Inns and Cafe des Amis du Vin names.

Lawtex sells clothing activity

WITH THE announcement of reduced profits for the year ended June 28 1988, Lawtex says it is selling its Lawtex Clothing subsidiary to Johnson Group Cleaners for £1.5m (£1.85m) and profit to £306,000, compared with £408,000, after interest charges of £361,000 (£392,000).

holders owning 50.89 per cent of the capital, including the directors, have indicated they are in favour.

In the 1987-88 year Lawtex group turnover came to £20.5m (£19.89m) and profit to £306,000, compared with £408,000, after interest charges of £361,000 (£392,000).

Proceeds of the sale would immediately strengthen the balance sheet and reduce interest costs. Shareholders' funds would increase by some £580,000, equal to 14.5p per share, and gearing would be greatly reduced.

Expansion of voting rights by Ulster TV

Ulster Television reported pre-tax profits for the year to end of July 1988 up by 35 per cent from £1.61m to £2.15m and announced plans for strengthening of the non-voting shares.

Programme sales help STV to 50% profit jump

ALTHOUGH THERE was a swing of advertising expenditure to the south east of England, the first half of 1988 saw Scottish Television retain a healthy share of revenue.

Programmes and services contributed £2.15m (£1.83m) so that total revenue for the period rose 31 per cent to £3.4m.

Brierley raises stake in Horizon

By Terry Povey

Horizon, the UK's third largest tour operator, announced yesterday that Mr Ron Brierley's IEP Securities has increased its holding by just over 3 per cent to 15.5 per cent.

Recovery in investments value boosts Kwahu profit

By Terry Povey

The Kwahu Company had a very good year to June 30 1988, according to directors, with pre-tax profits increasing by 63 per cent from £289,651 to £471,588.

investments in gold and mining finance had been the major contributor to the 56 per cent rise in pre-tax profits.

Thos. Tilling

Thomas Tilling, an industrial holding subsidiary of ITR, lifted its pre-tax profits from £47.3m to £54.8m in the half year ended June 28 1988, with the help of an £18.6m turnaround in finance costs.

Milford Docks cuts losses

Losses have been reduced by the Milford Docks Company, although trading in 1988 continued to be difficult and resulted in further redundancies.

developers to its board, signalling its advance into property as an extension to its leisure interests. The company was said to have 150 acres of freehold land in the dock area.

Munro Corporate £2m acquisition

Munro Corporate, the issuing house which specialises in bringing small companies to the over-the-counter market, has announced a £2m acquisition.

Italian bank takes stake in Hambros

Legitimo Bancario San Paolo di Torino, one of Italy's biggest banks, yesterday confirmed that it had taken a 6.4 per cent stake in Hambros, the UK merchant bank.

Following the acquisition of the Northfleet Industrial Estate, Kent, the vendor, Sunley Holdings, has given notice of conversion of its debenture holding into ordinary shares.

DIVIDENDS ANNOUNCED

Table with columns: Company, Current payment, Date, Correc payment, Total of spending, Total for last year, Total for 1988. Includes Kwahu, Lawtex, London Merchant Group, Scottish Television, Tottenham Hotspur, Ulster TV.

These continued to be a burden and in the first half of 1988 interest charges were £109,000 (£24,000) and depreciation £50,000 (£46,000).

At present Munro's shares are traded on the OTC market under Rule 535, but it aims to seek a quotation on the main market.

The two banks announced last month that they were holding talks about possible joint ventures, but declined to comment on suggestions that the Italian bank would also take a stake in Hambros.

The many-sided contest for control of printing group McCorquodale, currently fighting a £145m offer from Norton Opax and widely believed to be talking with Exel about an agreed merger, is set to unravel further next week.

GRANVILLE table with columns: High Low, Company, Price Change, Gross Yield, P/E, Fully Taxed. Lists various companies like Ass. Brit. Ind. Ord., London Merchant Group, etc.

RESULTS

MURRAY ELECTRONICS, investment company, reported net asset value at July 31 1988 of 81.92p against 87.52p a year earlier. The fall must be seen against the difficult time in the electronics industry and the fall in the dollar, the directors said, adding that in the last six months of the period the net rose by 4.2 per cent.

KLEINWORT BENSON Gilt Fund produced gross revenue of £1.32m in the six months ended September 30 1988 (£1.18m) and net revenue of £1.23m (£1.1m). Net asset value per participating share at September 30 was 1.06p x1 (11.7p). Second interim dividend 30.88p gross (37.59p).

slipped to 0.46p (0.73p) and dividend cut to 0.4p (0.6p). HAWLYN MILLING, agricultural merchandising concern, made pre-tax profits of £370,668 for six months to March 30, 1988 (£385,000 for previous 12 months). Turnover was £10,038m (£17.21m) and earnings per share 24.15p (25.25p). The dividend is 47.57p (5p). Hamlyn's ultimate holding company is Hanson Trust.

RIGHTS RESULTS BERKELEY TECHNOLOGY announced that 3.9m ordinary shares had been taken up in the rights issue. With the 4.12m ordinary sub-underwritten, that represents approximately 98 per cent of the issue. The balance of 605,878 had been sold in the market at a premium.

PROXIMITY TIMBER said shareholders had taken up 2,096 ordinary shares under the recent open offer at 75p each. This was nearly 61 per cent of the total 3,455m shares on offer, and the balance would go to institutional investors.

Nixdorf rights to raise DM 640m

BY PETER BRUCE IN BONN

NIXDORF, the fast-growing West German computer group, plans to make a one-for-six rights issue worth DM 640m at the end of this month...

burden, which hovers at around DM 100m a year. He said he had not yet decided whether to make a convertible bond or warrant issue...

Sale creates new force in US soft drinks

BY ANATOLE KALETSKY IN NEW YORK

HICKS & HAAS, a little known but rapidly expanding private partnership, emerged as the third largest force in the US soft drink market yesterday when it said that it was buying the domestic business of the Seven-Up company from Philip Morris for \$340m.

Pepper, the third largest US soft drink product, which is particularly popular in Texas. One of the other partners in that transaction was Cadbury Schweppes of the UK, which acquired a 30 per cent stake in Dr Pepper.

Daim companies to sell UMBC stake to Pernas

BY SARA WEBB, OUR STOCKHOLM CORRESPONDENT

PERNAS, the Malaysian Government investment holding company, said yesterday that it was buying a 51.5 per cent stake in United Malayan Banking (UMBC), Malaysia's third largest bank, from Dominion Holdings and Goodrich General Industries, which are owned by two family holding companies of Daim Zaiduddin, the Finance Minister, AP-DJ reports from Kuala Lumpur.

PLM earnings slip by 10%

BY SARA WEBB, OUR STOCKHOLM CORRESPONDENT

PLM, the Swedish packaging group, suffered a 10.4 per cent drop in earnings for the first eight months of 1986 and repeated its forecast for lower earnings for the year.

Brierley soars 92% to over NZ\$179m

BY DAI HAYWARD IN WELLINGTON

BRILEY INVESTMENT, the New Zealand based international investment company, achieved a 92 per cent jump in profits to NZ\$179.4m (US\$90m) for the year. Last year the figure was NZ\$93.4m, which was double the previous year's total.

Pick 'N Pay grows at half-time

BY JIM JONES IN JOHANNESBURG

PICK 'N PAY, one of South Africa's largest supermarket chains, has increased its turnover profit faster than turnover despite what it describes as the "harshest retail climate for years".

Bergesen beats off Kosmos

BY FAY GJETER IN OSLO

THE joint general managers of Bergesen and Mr Sumit with Bergesen, the Norwegian shipowner, some 80 per cent of the company group, have beaten off Kosmos's bid to buy the company.

Oerlikon sees lower results for full year

BY JOHN WICKS IN ZURICH

OERLIKON-BUEHLER, the Swiss armaments to shoes group, expects lower turnover and earnings for the current year.

Dome meetings adjourned

BY CLARE PEARSON

THE remaining two out of five Dome meetings of holders of \$225m of dollar Eurobonds of Dome Petroleum, the ailing Canadian energy company, ended in London yesterday without a quorum and were adjourned. The meeting of bond holders of the two issues was called to vote on a waiver of interest and principal payments of \$100m, which will be required for the waiver to be valid.

HK cable television applicant details plans

BY KEVIN HANLIN IN HONG KONG

CABLE TELEVISION Hong Kong (CTHK), a consortium comprising some of Hong Kong's biggest companies, yesterday announced details of its application to operate a cable television service in the British territory and at the same time acquire its own shareholding structure.

WEEKLY PRICE CHANGES

Table with columns: Commodity, Latest price, Change, Year ago, High, Low. Includes METALS, GRAINS, OILS, and SPICES.

US MARKETS

Table with columns: Commodity, Close, High, Low, Prev. Includes CRUDE OIL, COFFEE FUTURES, and SUGAR.

BASE METALS

Table with columns: Commodity, Unofficial, + or - of close, High/Low. Includes ALUMINIUM, COPPER, LEAD, and NICKEL.

REUTERS INDICES

Table with columns: Index, Oct 3, Oct 1, 1Mth ago, Year ago. Includes DOW JONES and COCOA.

CHICAGO

Table with columns: Commodity, Close, High, Low, Prev. Includes LIVE CATTLE and HOGS.

POTATOES

Table with columns: Month, Close, + or - of Business Done. Includes US \$ per tonne.

GAS OIL FUTURES

Table with columns: Month, Close, + or - of Business Done. Includes US \$ per tonne.

SOYABEAN MEAL

Table with columns: Month, Close, + or - of Business Done. Includes US \$ per tonne.

CRUDE OIL

Table with columns: Month, Close, + or - of Business Done. Includes US \$ per tonne.

SUGAR

Table with columns: Month, Close, + or - of Business Done. Includes US \$ per tonne.

FREIGHT FUTURES

Table with columns: Month, Close, + or - of Business Done. Includes US \$ per tonne.

WORLD STOCK MARKETS

NEW YORK

Table of New York stock prices, including columns for Stock, Oct 3, Oct 2, and various market indices like Dow Jones and S&P 500.

Table of international stock prices, categorized by region such as Europe, Asia, and Latin America, with columns for Stock, Oct 3, and Oct 2.

Economy fears cut early rally

STOCKS MOVED lower after an early rally collapsed on Wall Street yesterday, when the initial upward move was sparked by a report that unemployment in September rose to 7 per cent from 6.8 per cent...

Technology \$1 to \$10, Texas Instruments \$2 to \$110 and National Semiconductor \$1 to \$91

Technology \$1 to \$10, Texas Instruments \$2 to \$110 and National Semiconductor \$1 to \$91. The volume stemmed from overseas buying, which has been the driving force behind the market's long-running rally...

NEW YORK INDICES

Table of New York indices including Dow Jones, S&P 500, and various sector indices like Industrials, Financials, and Utilities.

CANADA

Table of Canadian stock prices and indices, including columns for Stock, Oct 3, and Oct 2.

CANADA

Table of Canadian stock prices, including columns for Stock, Oct 3, and Oct 2.

AUSTRIA

Table of Austrian stock prices, including columns for Stock, Oct 3, and Oct 2.

GERMANY

Table of German stock prices, including columns for Stock, Oct 3, and Oct 2.

NORWAY

Table of Norwegian stock prices, including columns for Stock, Oct 3, and Oct 2.

AUSTRALIA (continued)

Table of Australian stock prices, including columns for Stock, Oct 3, and Oct 2.

NEW YORK ACTIVE STOCKS

Table of New York active stocks, including columns for Stock, Price, and Change.

CANADA

Table of Canadian active stocks, including columns for Stock, Price, and Change.

FRANCE

Table of French stock prices, including columns for Stock, Oct 3, and Oct 2.

NETHERLAND

Table of Dutch stock prices, including columns for Stock, Oct 3, and Oct 2.

ITALY

Table of Italian stock prices, including columns for Stock, Oct 3, and Oct 2.

SWITZERLAND

Table of Swiss stock prices, including columns for Stock, Oct 3, and Oct 2.

JAPAN

Table of Japanese stock prices, including columns for Stock, Oct 3, and Oct 2.

NEW YORK ACTIVE STOCKS

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FRANCE

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NETHERLAND

Table of Dutch active stocks, including columns for Stock, Price, and Change.

ITALY

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SWITZERLAND

Table of Swiss active stocks, including columns for Stock, Price, and Change.

JAPAN

Table of Japanese active stocks, including columns for Stock, Price, and Change.

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CURRENCIES & MONEY

FOREIGN EXCHANGES

Dollar slips below DM 2.00

THE DOLLAR lost ground in currency markets yesterday as the market reacted to poor US unemployment figures...

at DM 1.9885 after touching a low of DM 1.9910 and compared with DM 2.0000 on Thursday...

sterling finished slightly firmer overall. In exchange rate index closed at 68.2 up from 68.1 on Thursday...

unlikely. Attention is now focused on next week's meeting of G7 ministers...

The pound closed at DM 2.0023 against the D-Mark on Friday...

The stock market turned lower as the pound firm against the dollar...

S IN NEW YORK

Table with 3 columns: Date, Close, Previous Close. Shows market data for Oct 3.

Table with 3 columns: Date, Close, Previous Close. Shows market data for Oct 2.

CURRENCY RATES

Table with 4 columns: Currency, Rate, % Change, Previous Rate. Lists various currencies like Sterling, U.S. Dollar, etc.

CURRENCY MOVEMENTS

Table with 4 columns: Currency, Rate, % Change, Previous Rate. Shows currency movements for Oct 3.

OTHER CURRENCIES

Table with 4 columns: Currency, Rate, % Change, Previous Rate. Lists other currencies like Argentine, Australian, etc.

POUND SPOT - FORWARD AGAINST THE POUND

Table with 5 columns: Date, Day's spread, Close, One month, Three months. Shows pound spot and forward rates.

DOLLAR SPOT - FORWARD AGAINST THE DOLLAR

Table with 5 columns: Date, Day's spread, Close, One month, Three months. Shows dollar spot and forward rates.

EURO-CURRENCY INTEREST RATES

Table with 5 columns: Term, Rate, % Change, Previous Rate. Shows interest rates for various terms.

EXCHANGE CROSS RATES

Table with 5 columns: Currency, Rate, % Change, Previous Rate. Shows cross rates between currencies.

MONEY MARKETS

Bank forces the point again

THE BANK of England took the opportunity to underline its desire to retain the current interest rate structure yesterday...

UK clearing bank base lending rate 10 per cent since May 22

cope with next Tuesday's money supply figures is now seen as crucial.

FT LONDON INTERBANK RATES

Table with 5 columns: Term, Rate, % Change, Previous Rate. Shows interbank rates for various terms.

MONEY RATES

Table with 5 columns: Term, Rate, % Change, Previous Rate. Shows money rates for various terms.

NEW YORK

Table with 5 columns: Term, Rate, % Change, Previous Rate. Shows money rates for New York.

LONDON MONEY RATES

Table with 5 columns: Term, Rate, % Change, Previous Rate. Shows money rates for London.

LONDON STOCK EXCHANGE

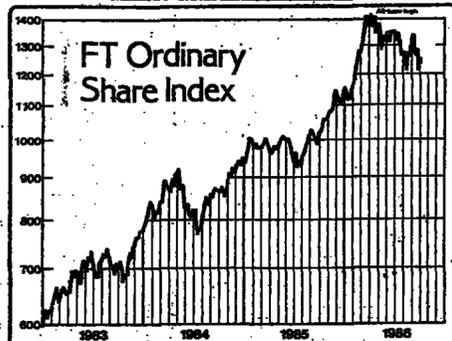
Gilts stage rally but equities lose ground

Account Dealing Dates

Table with 4 columns: Date, Description, Date, Description. Shows account dealing dates.

FINANCIAL TIMES STOCK INDICES

Table with 10 columns: Index Name, Oct 3, Oct 2, Oct 1, Sept 30, Sept 29, Year Ago, 1986 High, 1986 Low, Since Completion High, Since Completion Low. Shows stock indices.



The FT 100 index rose to 1283.1 from 1280.3 on Thursday...

lowed news that Italy's fourth largest bank, Istituto Bancario San Paolo di Torino...

The stock market turned lower as the pound firm against the dollar...

Hambro retreat

Merchant bank Hambro, firm of late on US bid hopes, reacted from an initial high level of 245p...

Stares react afresh

Major high-street retailers gave fresh ground, albeit in relatively subdued trading...

Glaxo decline

Popular earlier in the week with US investors, Glaxo encountered selling from the quarter...

Traded Options

Proceedings in Traded Options were dominated by Bees which executed 3,302 calls...

Traditional Options

First dealings Oct 6 Oct 30 Nov 3 Last dealings Oct 17 Oct 31 Nov 14...

LONDON TRADED OPTIONS

Large table with multiple columns showing option data: Option Name, Calls, Puts, etc. for various companies like Allied Lyons, B.P., etc.

Finance up 5 to 69, while Mervale Moore added 5 to 200p. Five Oaks extended Thursday's rise to settle at 36 1/2p...

Oil's easier Leading oils, a firm market for much of the week as crude oil prices gained ground...

EP closed around the day's low of 68 1/2p, down 7, while Shell retreated to 91 1/2p...

South African and Australian miners were given another encouraging drilling report from the company's Gebest prospect...

Some 4.0m shares of Banks Hevis were placed at a price believed to be around 230p in order to finance an £11.7m acquisition...

Trusthouse Forte were upset by the Monopolies Commission's refusal to allow the acquisition...

The American sanctions against South Africa, a firm bullion price, the latter, a strong market in New York overnight...

Heavy Johannesburg buying interest prompted further good gains throughout the week...

The leasing mining groups were especially favoured, as were the junior exploration issues...

Broken Hill put on 8 to 11 1/2p. Petro-Wellness advanced 2 1/2p...

Gold shares moved up sharply at the outset although a considerable amount of confusion arose...

The US Senate's vote to implement tough economic sanctions against South Africa...

London was equally brisk and mining issues made strong progress before easing a fraction towards the close...

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STOCK EXCHANGE DEALINGS

THURSDAY'S ACTIVE STOCKS

Table with columns: Stock, No. of Shares, Day's Change, Buy's Change, Sell's Change. Lists various stocks like Br. Airways, Gold, etc.

5-DAY ACTIVE STOCKS

Table with columns: Stock, No. of Shares, Last Change, Buy's Change, Sell's Change. Lists stocks like Glaxo, Shell, etc.

YESTERDAY'S ACTIVE STOCKS

Table with columns: Stock, No. of Shares, Day's Change, Buy's Change, Sell's Change. Lists stocks like Boots, Dismor Group, etc.

NEW HIGHS AND LOWS FOR 1996

Table with columns: Stock, No. of Shares, Day's Change, Buy's Change, Sell's Change. Lists various stocks like British Airways, etc.

LEADERS AND LAGGARDS

Table with columns: Sector, % Change, Buy's Change, Sell's Change. Lists sectors like Tobacco, Publishing, etc.

RISES AND FALLS YESTERDAY

Table with columns: Index, Rise, Fall, Same, Rise, Fall, Same. Lists various indices like British Funds, etc.

DEALINGS

Details of business done above have been taken with consent from last Thursday's Stock Exchange Official List and should not be reproduced without permission.

N-O-P

Table with columns: Stock, No. of Shares, Day's Change, Buy's Change, Sell's Change. Lists stocks like Newbold and Burton, etc.

Q-R-S

Table with columns: Stock, No. of Shares, Day's Change, Buy's Change, Sell's Change. Lists stocks like Queen Moat, etc.

T-U-V

Table with columns: Stock, No. of Shares, Day's Change, Buy's Change, Sell's Change. Lists stocks like Tarmac, etc.

W-X-Y

Table with columns: Stock, No. of Shares, Day's Change, Buy's Change, Sell's Change. Lists stocks like Wm Morris, etc.

INVESTMENT TRUSTS

Table with columns: Trust Name, No. of Shares, Day's Change, Buy's Change, Sell's Change. Lists trusts like Anglo-American, etc.

PROPERTY

Table with columns: Property Name, No. of Shares, Day's Change, Buy's Change, Sell's Change. Lists properties like Allied London, etc.

UNLISTED SECURITIES MARKET

Table with columns: Security Name, No. of Shares, Day's Change, Buy's Change, Sell's Change. Lists unlisted securities like Amstrad, etc.

PLANTATIONS

Table with columns: Plantation Name, No. of Shares, Day's Change, Buy's Change, Sell's Change. Lists plantations like Anglo-Egyptian, etc.

RAILWAYS

Table with columns: Railway Name, No. of Shares, Day's Change, Buy's Change, Sell's Change. Lists railways like British Rail, etc.

SHIPPING

Table with columns: Shipping Line, No. of Shares, Day's Change, Buy's Change, Sell's Change. Lists shipping lines like Anglo-Siam, etc.

UTILITIES

Table with columns: Utility Name, No. of Shares, Day's Change, Buy's Change, Sell's Change. Lists utilities like British Gas, etc.

WATERWORKS

Table with columns: Waterworks Name, No. of Shares, Day's Change, Buy's Change, Sell's Change. Lists waterworks like Birmingham, etc.

MINES - MISC

Table with columns: Mine Name, No. of Shares, Day's Change, Buy's Change, Sell's Change. Lists mines like Anglo-American, etc.

MINES - SOUTH AFRICAN

Table with columns: Mine Name, No. of Shares, Day's Change, Buy's Change, Sell's Change. Lists mines like Anglo-American, etc.

BIT

Table with columns: Bit Name, No. of Shares, Day's Change, Buy's Change, Sell's Change. Lists bits like Anglo-American, etc.

FT-ACTUARIES SHARE INDICES

Table with columns: Index Name, 1995 High, 1995 Low, 1996 High, 1996 Low. Lists indices like FT-100, FT-250, etc.

FIXED INTEREST

Table with columns: Index Name, 1995 High, 1995 Low, 1996 High, 1996 Low. Lists fixed interest indices like FT-100, FT-250, etc.

FINANCIAL TRUSTS

Table with columns: Trust Name, No. of Shares, Day's Change, Buy's Change, Sell's Change. Lists trusts like Anglo-American, etc.

CORPORATION & COUNTY

Table with columns: Corporation Name, No. of Shares, Day's Change, Buy's Change, Sell's Change. Lists corporations like Anglo-American, etc.

UK PUBLIC BONDS

Table with columns: Bond Name, No. of Shares, Day's Change, Buy's Change, Sell's Change. Lists bonds like Anglo-American, etc.

STERLING ISSUES BY OVERSEAS BORROWERS

Table with columns: Issuer Name, No. of Shares, Day's Change, Buy's Change, Sell's Change. Lists issuers like Anglo-American, etc.

YOUNG 4.25% IPO

Table with columns: Stock Name, No. of Shares, Day's Change, Buy's Change, Sell's Change. Lists stocks like Anglo-American, etc.

BANKS, DISCOUNT

Table with columns: Bank Name, No. of Shares, Day's Change, Buy's Change, Sell's Change. Lists banks like Anglo-American, etc.

INSURANCE

Table with columns: Insurance Company Name, No. of Shares, Day's Change, Buy's Change, Sell's Change. Lists insurance companies like Anglo-American, etc.

FINANCIAL TRUSTS

Table with columns: Trust Name, No. of Shares, Day's Change, Buy's Change, Sell's Change. Lists trusts like Anglo-American, etc.

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INSURANCE

Table with columns: Insurance Company Name, No. of Shares, Day's Change, Buy's Change, Sell's Change. Lists insurance companies like Anglo-American, etc.

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LONDON RECENT ISSUES

Table with columns: Issue, Price, Bid, Ask, etc. under the heading 'EQUITIES'.

Table with columns: Issue, Price, Bid, Ask, etc. under the heading 'FIXED INTEREST STOCKS'.

Table with columns: Issue, Price, Bid, Ask, etc. under the heading 'RIGHTS OFFERS'.

Responsible dealer... information regarding the survey and its methodology.

FINANCIAL TIMES SURVEY: The Financial Times proposes to publish a CREDIT CARDS SURVEY on November 10, 1986. Includes a list of subjects to be covered.

Table with columns: Series, Vol., Last, etc. under the heading 'EUROPEAN OPTIONS EXCHANGE'.

Table with columns: LIABILITIES, ASSETS, ISSUE DEPARTMENT, etc. under the heading 'BANK RETURN'.

AUTHORISED UNIT TRUSTS

Large table listing various unit trusts with columns for name, price, and other details.

FT UNIT TRUST INFORMATION SERVICE

Very large table listing numerous unit trusts, organized by manager or type, with detailed columns for each.

# AUTHORISED UNIT TRUSTS & INSURANCES

<b>Waverley Asset Management Ltd (UK) (C)</b> 23 Church St, Edinburgh 01-225 2321	<b>City of Edinburgh Life Assurance</b> 46 Charlotte St, Edinburgh EC2 4AB 01-225 2321
<b>Westwood Unit Trust Managers Ltd (UK)</b> 9 Westwood House, Westwood 01-499 9991	<b>City of Westminster Assurance</b> 200 Strand, London WC2R 1EX 01-225 2321
<b>Wright Solopass Fund Managers Ltd</b> 21 Charlotte St, London EC2R 7AY 01-225 2321	<b>City of Westminster Assurance</b> 200 Strand, London WC2R 1EX 01-225 2321
<b>Wolverhampton Unit Trust Managers Ltd</b> 21 Charlotte St, London EC2R 7AY 01-225 2321	<b>City of Westminster Assurance</b> 200 Strand, London WC2R 1EX 01-225 2321
<b>Wolverhampton Unit Trust Managers Ltd</b> 21 Charlotte St, London EC2R 7AY 01-225 2321	<b>City of Westminster Assurance</b> 200 Strand, London WC2R 1EX 01-225 2321

## INSURANCES

<b>AA Friendly Society</b> 111 St. James St, London EC1A 1BB 01-225 2321	<b>Abbeys Life Assurance Co Ltd</b> 80 Tottenham Rd, London N1 6AA 01-225 2321
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روزنامه اطلاعات

INSURANCE, OVERSEAS & MONEY FUNDS

Table listing various insurance and overseas services, including company names, addresses, and contact information.

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Table listing insurance and overseas services, including company names, addresses, and contact information.

Table listing various financial services and companies, including names and addresses.

Table listing various financial services and companies, including names and addresses.

Table listing various financial services and companies, including names and addresses.

Table listing various financial services and companies, including names and addresses.

Money Market Trust Funds

Money Market Bank Accounts

NOTES

TRADITIONAL OPTIONS

Table listing traditional options, including 3-month call rates and various market indicators.

BRITISH FUNDS

Table of British Funds with columns for Name, Price, and % Change. Includes sub-sections for 'Shorts' (lives up to five years), 'Five to Fifteen Years', and 'Over Fifteen Years'.

AMERICANS - Cont.

Table of American Stocks with columns for Name, Price, and % Change. Includes sub-sections for 'CANADIANS' and 'BANKS, HP & LEASING'.

LONDON SHARE SERVICE

BUILDING, TIMBER, ROADS - Cont.

Table of Building, Timber, and Roads stocks with columns for Name, Price, and % Change.

DRAPERY & STORES - Cont.

Table of Drapery and Stores stocks with columns for Name, Price, and % Change.

ENGINEERING - Cont.

Table of Engineering stocks with columns for Name, Price, and % Change.

INDUSTRIALS

Table of Industrial stocks with columns for Name, Price, and % Change.

Overseas

Table of Overseas stocks with columns for Name, Price, and % Change.

Index-Linked

Table of Index-linked stocks with columns for Name, Price, and % Change.

INT. BANK AND OSEAS GOVT STERLING ISSUES

Table of International Bank and Overseas Government Sterling issues with columns for Name, Price, and % Change.

CORPORATION LOANS

Table of Corporation Loans with columns for Name, Price, and % Change.

COMMONWEALTH & AFRICAN LOANS

Table of Commonwealth and African Loans with columns for Name, Price, and % Change.

LOANS

Table of Loans with columns for Name, Price, and % Change.

Public Board and Ind.

Table of Public Board and Industrial stocks with columns for Name, Price, and % Change.

Financial

Table of Financial stocks with columns for Name, Price, and % Change.

FOREIGN BONDS & RAILS

Table of Foreign Bonds and Rails with columns for Name, Price, and % Change.

AMERICANS

Table of American stocks with columns for Name, Price, and % Change.

BEERS, WINES & SPIRITS

Table of Beers, Wines, and Spirits stocks with columns for Name, Price, and % Change.

BANKS, HP & LEASING

Table of Banks, HP, and Leasing stocks with columns for Name, Price, and % Change.

BRICKS AND STORES

Table of Bricks and Stores stocks with columns for Name, Price, and % Change.

BUILDING, TIMBER, ROADS

Table of Building, Timber, and Roads stocks with columns for Name, Price, and % Change.

CHEMICALS, PLASTICS

Table of Chemicals and Plastics stocks with columns for Name, Price, and % Change.

DRAPERY & STORES

Table of Drapery and Stores stocks with columns for Name, Price, and % Change.

ENGINEERING

Table of Engineering stocks with columns for Name, Price, and % Change.

FOOD, GROCERIES, ETC

Table of Food, Groceries, etc. stocks with columns for Name, Price, and % Change.

HOTELS AND CATERERS

Table of Hotels and Caterers stocks with columns for Name, Price, and % Change.

INDUSTRIALS

Table of Industrial stocks with columns for Name, Price, and % Change.

BEERS, WINES & SPIRITS

Table of Beers, Wines, and Spirits stocks with columns for Name, Price, and % Change.

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OVERSEAS PUBLIC BOARD AND IND.

Table of Overseas Public Board and Industrial stocks with columns for Name, Price, and % Change.

OVERSEAS FINANCIAL

Table of Overseas Financial stocks with columns for Name, Price, and % Change.

OVERSEAS FOREIGN BONDS & RAILS

Table of Overseas Foreign Bonds and Rails with columns for Name, Price, and % Change.

OVERSEAS AMERICANS

Table of Overseas American stocks with columns for Name, Price, and % Change.

Handwritten note: 'checked 1/20'

PROPERTY - Continued. Table listing various real estate properties, including addresses, descriptions, and prices.

LEISURE - Continued. Table listing leisure-related stocks and companies, such as hotels, resorts, and entertainment venues.

PROPERTY - Continued. Table listing various real estate properties, including addresses, descriptions, and prices.

INVESTMENT TRUSTS - Cont. Table listing investment trusts and their performance metrics.

FINANCE, LAND - Cont. Table listing financial institutions, land-related companies, and their stock prices.

MINES - Continued. Table listing mining companies and their stock prices.

INSURANCE. Table listing insurance companies and their stock prices.

PROPERTY. Table listing real estate properties.

PROPERTY. Table listing real estate properties.

FINANCE, LAND, etc. Table listing financial and land-related companies.

MINES. Table listing mining companies.

REGIONAL & IRISH STOCKS. Table listing regional and Irish stocks.

NOTES. A section providing detailed notes and information regarding the listed companies and their financial data.

Recent Issues and Rights Page 13. Information regarding recent issues and rights of companies.

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BAUME & MERCIER GENEVE 1830

FINANCIAL TIMES

Saturday October 4 1986



Tories bid to shed their fuzzy image

BY PETER RIDDELL, POLITICAL EDITOR

THE Conservative Party will tomorrow take the unprecedented step of launching a promotion campaign under the slogan "The next move forward" to set the theme for its conference in Bournemouth next week.

The exercise follows market and opinion research which indicates that the Conservative faithful and potential voters were uncertain about the Government's objectives. Their own views and aspirations have changed little since 1979-83 but the image of the Tories has become fuzziest.

The exercise is separate from the work of the dozen policy groups shared by ministers which have just started operations to produce ideas for the election manifesto.

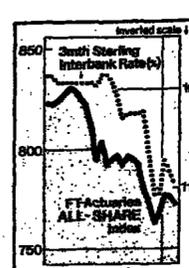
Mr Norman Fowler, Social Services Secretary, is expected to highlight his priority of reducing hospital waiting lists and increasing resources on cervical cancer screening.

Other ministers will confirm plans for legislation on the contracting-out of local authority services and on new powers to seize criminals' assets.

THE LEX COLUMN

Market on a string

Index fell 12.0 to 1234.0



This week the equity market encountered one of its most feared bogymen—and lived. Having fallen below the 200 day moving average with some emphasis on Monday, the market then bounced 2.5 per cent in the next two days. But the jump was not serene, resembling more the involuntary reaction of a hand touching a flame.

Having run down its contract business, and re-arranged and started up its properties, Ryman is now seeking £1.1m from the market to open enough stores to absorb the overhang on its distribution and administration overhead and pull up the net figure.

Progress over LME trade rules

THE LONDON METAL Exchange, which is struggling to reform its trading rules to satisfy Government demands for improved investor protection in the City, appeared yesterday to have made some progress toward settling its differences with the regulatory authorities.

Sealink to meet NUS leaders as ferry strike action spreads

SEALINK UK management will meet officials of the National Union of Seamen in London today in an attempt to head off mounting industrial action following its announcement of 492 redundancies in a plan to rationalise services to the Channel Islands.

between Harwich and the Hook of Holland, had decided to strike until Sunday afternoon, when they would reassess the situation.

stepped up their involvement in the dispute. Mr Jimmy Knapp, the general secretary of the National Union of Railwaymen, said he would press the union's executive on Monday to ballot the 2,000 NUR members employed by Sealink on industrial action.

Mixed reactions in S Africa to sanctions

SOUTH AFRICA reacted with a mixture of gloom and jubilation yesterday to the vote in the US Congress for tough economic sanctions against the country in defiance of a veto by President Ronald Reagan.

Yet markets are not rigidly governed by the application of logic. Witness the week's rise in oil shares, which added to the outperformance of the past two months, has restored the rating relative to the All-Share that the sector averaged in 1985.

EEC split on UK proposals for air fares liberalisation

SHARP differences emerged among EEC transport ministers, meeting in London yesterday, on British proposals to liberalise air transport in Europe.

EEC split on UK proposals for air fares liberalisation

Ministers were close to agreement on ways to introduce greater choice in cheap fares, without the traditional requirement that "people buying tickets must stay for a Saturday night."

The meeting yesterday was the first opportunity for Britain to assess reaction from other member states to its new compromise.

such as James Capel that will continue to act purely as agents in UK equities markets through other market-makers, will be placed at a price disadvantage compared with their "dual-capacity" competitors.

CHIEF PRICE CHANGES YESTERDAY

Table with columns for RISES and FALLS, listing various commodities and their price changes.

VAT ruling Continued from Page 1

such as James Capel that will continue to act purely as agents in UK equities markets through other market-makers, will be placed at a price disadvantage compared with their "dual-capacity" competitors.

reforms have structured them as separate subsidiaries. Mr Alan King, of the Stock Exchange's settlement services department, who has been involved in the discussions with the VAT authorities, says: "We recognised that the effect of these rules is that competition could be distorted. But it will take time to shake out after Big Bang and we will have to see how it works."

Some Stock Exchange officials have suggested that the banks which own market-makers and brokers will be able to use their VAT exemption as a marketing tool to attract private investors.

WORLDWIDE WEATHER

Table showing weather forecasts for various cities worldwide, including London, New York, and Tokyo.

SUS jobless Continued from Page 1

sult, with the Dow Jones Industrial Average initially surging ahead 18 points before the wider implications of the news sunk in. The index then experienced a rapid 33-point turnaround as investors realised that a weak economy would mean poor corporate profits,

but recovered slightly to close down 7.03 at 1,774.18. The dollar lost 1 pfennig early in the day in New York, falling below DM 2 on the prospect of an interest rate cut. However, it recovered most of the ground to finish at DM 2.005, little changed from the previous close.

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# WEEKEND FT

Saturday October 4 1986

MARKETS • FINANCE & THE FAMILY • PROPERTY • TRAVEL • MOTORING • DIVERSIONS • HOW TO SPEND IT • BOOKS • ARTS • TV

ONE PERSON in no doubt about where power lies in France is Pierre Guillaumat. Now aged 77, during almost half a century of service to the state he occupied the jobs of head of the Atomic Energy Commission (CEA), Defence Minister, and chairman of Elf Aquitaine, the country's leading oil group.

Still Elf's honorary chairman a decade after he retired, and putting in regular appearances in his office on the 45th floor of the company's new tower block in the Parisian skyscraper district of La Défense, Guillaumat likes to comment, only half in jest, on the influence of the French technocratic lobby in pushing through big government projects. "With you (in Britain), it's necessary to be elected. Here, it's not worth the bother," he says, with the glacial smile of a man with insight into life's certainties.

An arch-Gaullist whose friends are new back in political power in Paris, Guillaumat is the high priest — some would say godfather — in a unique caste of men whose role has been probably more important than any other group in shaping the face of modern France: the graduates of the Ecole Polytechnique.

President de Gaulle 25 years ago claimed that his countrymen's attachment to 246 types of cheeses tended to make it un governable. In fact, one of the reasons why France since then has moved on well beyond chess-making to become, in some significant ways at least, the most technologically advanced country in Europe, is because of a rare continuity and decisiveness in government. But in a series of key areas, the strings have been pulled not by politicians but by technocrats. And the majority of those who count have been drawn from the close-knit body of engineer-administrators educated at Guillaumat's old college.

The Polytechnique engineers' academy was set up under the Convention in 1794 as part of the Revolution's bid to dismantle class and privilege and boost efficiency in the university system. Given a military statute (kept to this day apart from a brief interlude during the Nazi occupation) by Napoleon in 1804, the school has been a fountainhead of French military, industrial and administrative power for almost two centuries. Among its most celebrated alumni are Marshal Foch, motor industrialist André Citroën and Jacques Rueff, de Gaulle's influential economist.

However, the blatant elitism practised by the Polytechnique — the most spectacular example of the general tendency of the French education system to place power in the hands of trained oligarchies — has also made it the focus of controversy and criticism throughout the whole of its history. The Polytechnicians' near-monopoly over crucial public sector jobs has been attenuated since the setting-up of a civil service training academy, the Ecole Nationale d'Administration (ENA) in 1954. But its de facto grip on the state machine certainly clashes with the republican ideal behind the school's foundation of increasing the freedom of individual (non-Polytechnician) Frenchmen. The continuing power of the Polytechnique is also arguably an impediment to the introduction of economic liberalism proclaimed by the present Right-wing government and its entrenchment is in spite of evidence that the school, notwithstanding all its strategies, also provides reasons for some important French failings in economic and business life.

Its graduates are known as Les X and they have shaped the face of modern France. David Marsh examines the role of the controversial Ecole Polytechnique.

## Men who work to rule

Les X — as Polytechnicians are called because of the school's badge of two crossed cannons — have always combined a high degree of theoretical intellectual training with flair to survive and prosper through political and social fluctuations. And because of its role in defence and the nuclear programme, the Polytechnique has managed to become both a symbol and guarantor of French patriotism. It would be unthinkable for there to be any attempt by the proponents of liberalism (a relative term in any language, especially French) in the Government led by the Prime Minister Jacques Chirac, fundamentally to overhaul the system.

Concentration of power, and the absence of the checks and balances built into parliamentary and judicial systems in Britain, the US or West Germany, may have proved economically effective in France. These factors explain how it has during the past 15 years been able to push through big programmes ranging from modernisation of the telephone system to the steam-toller build-up of nuclear power.

However, concentration of decision-making is also one reason why technological expertise and understanding are less diffused throughout the population than in the US, Britain or West Germany. This ambivalent attitude towards technology explains why France has proved, up to now, much less effective than the US or the UK in producing entrepreneurs capable of using their scientific training to start up their own businesses.

It also points to the reasons why the French sometimes seem incapable of harnessing technology to solve everyday problems. They have leapt forward to become Europe's overall leader in aerospace, nuclear energy and telecommunications, but they are relatively backward in using science to prevent the forest fires that ravage the Riviera nearly every summer; to dispose of household refuse without disfiguring the landscape in rural areas; or to deploy computers and other modern methods in the fight against crime and terrorism.

The system of entrance exams to the Polytechnique, has arguably been made more democratic over the past 100 years — and ENA graduates (enarques) provide an alternative source of top-flight administrative talent. The schools are, however, not direct rivals but in some senses complementary. Polytechnicians such as former President Valéry Giscard d'Estaing or President François Mitterrand's chief adviser Jacques Attali sometimes go on to become enarques later. The ENA takes students in their early 20s, while the Polytechnique receives entrants after the baccalauréat at around 19 or 20.

Overall, though, the influence of Les X — called by Napoleon his "golden eggs" — has scarcely waned. Clearly not all of the roughly 15,000 Polytechnicians still alive are, or have been, in positions of authority. But the school's motto, Pour la Patrie, les Sciences et la Gloire, has arguably been more relevant than Liberté, Egalité, Fraternité



in moulding France over two centuries. The school was moved in 1976 to a 380-acre modern complex at Palaiseau, south of Paris, from its traditional site near the Pantheon in the Paris Latin Quarter. The Ecole gets about three-quarters of its generous FFr 470m (£50m) annual budget from the Defence Ministry; its independence from the cash-strapped Education Ministry is a clear source of strength. The first year of the three-year course is devoted to military service under which students fulfil their general conscription obligations. Although the ornate ceremonial uniform is now only worn on formal occasions such as Bastille Day parades, students still have to wear khaki while at work. The establishment, which has admitted women (about 8 per cent of the intake) only since 1972, has lately taken the relatively small number of 300 to 320 students a year. After passing their hex they are selected from around an average 2,000 candidates in a stiff entrance examination requiring two years' preparation. It is a fact that 10 of the chairmen of France's top 16 industrial companies — including Elf Aquitaine, Renault,

Compagnie Générale d'Electricité in electronics and engineering, pipe- and glass-maker Saint Gobain and chemicals group Rhône Poulenc — are Polytechnicians. Three are graduates of ENA and one (Sir James Goldsmith of Générale Occidentale) is an Old Etonian. As well as being spread thickly among the senior posts in state institutions such as EDF and the gas and coal boards, the atomic energy and defence establishments, and the telecommunications and space agencies, Polytechnicians also hold key positions at the Bank of France and in other top financial institutions such as the Paribas banking group. Part of this influence reflects the state's hold over banking and industry, a tradition going back to Louis XIV which was extended under the 1982 nationalisation programme of the previous Socialist Government. Underlining how the Left's bid to change French society did not go very deep, the Socialists chose mainly Polytechnicians as chairmen of the big newly-nationalised industrial groups as well as those already in the public sector. Ironically, considering President Mitterrand's scepticism about nuclear energy while in Opposition, several key

chairman posts went to men with strong backgrounds in the atomic sector. The architect of France's 1970s nuclear build-up is André Giraud, the CEA patron between 1970-78. Giraud became Industry Minister under Giscard, with whom he went to the Polytechnique in 1944, and is now Defence Minister — in a unique position of confidence with both Mitterrand and Chirac — in the right-wing administration. Giraud has probably enjoyed more power than any other Polytechnician alive except Guillaumat, whom he has followed closely in his career path through the French establishment. Despite the changing of some personalities, Giraud's pivotal role underlines how the overall strength of the Polytechnicians has been unimpaired by the arrival in March of enarque Prime Minister Chirac. As part of a policy proclaimed as a break with the state hold over industry, the Chirac Government in July announced a wave of changes among the bosses of nationalised industries and banks destined for privatisation. The result illustrates the staying power of "Les X." Five of the top jobs at the six foremost industrial groups taken over by the Socialists

ended up in the hands of Polytechnicians — against only four previously. The newly-appointed head of the CEA, Giraud protégé Jean-Pierre Capron, entered the Polytechnique in 1962, a year before the vice-governor of the Bank of France, and two years later than the new bosses of Rhône Poulenc and Saint Gobain. As well as the traditional hostility in recent years from the Left and the universities (which are almost completely cut off from the technocratic establishment), Polytechnicians have also faced an upsurge of criticism from establishment quarters. Hubert Curien, known as the "father" of the Ariane space rocket because of his role as past chairman of the French national space agency CNES, says the "extreme fault" of Polytechnicians, even after they have passed through "applied" training schools, is their lack of motivation towards innovation. An authoritative report on technology policies in France from the OECD last year stated baldly that the "elite" from the Polytechnique and ENA "could now prove inadequate given the challenges and tasks the country is going to have to face."

Partly to confront this criticism — and to assure the low-profile role which has always been one of their most effective weapons — Polytechnicians like to play down, in public at least, their own importance. "Politicians have power. Polytechnicians have influence since they prepare the dossiers," says Henri Martre, an "X" of 1947 and now chairman of the state-owned aerospace group, Aerospatiale.

He was the Defence Ministry's armaments director under Giscard, and is now chairman of the official old boy network, the Société Amicale des Anciens Elèves, which groups about 12,000 ex-Xs paying an annual subscription of FFr 350 (£37). It holds regular business and social get-togethers, publishes a monthly magazine, and organises help for Polytechnicians' widows and others who fall upon hard times.

Jacques Darmon, a 46-year-old director at the Thomson electronics group, who (like Giscard) went on after the Polytechnique to the ENA, says the rise of the "X" is inevitable: "If you run a school for the best jockeys, it's not surprising they win races." Darmon's father was a Polytechnician, and his son entered in 1983. Between 15 and 20 per cent of students go there in the wake of a member of their family. Bernard Esambert, chairman of Edmond de Rothschild's Paris-based financial group Compagnie Financière, an "X" of 1954 and chairman of the Polytechnique's governing board, laments the small number of graduates who go on to do brilliant original research or found their own enterprises. As well as trying to attract new blood into the school from a wider section of French society (parents of the present intake of "X" are almost exclusively from the managerial and professional classes), Esambert says the Polytechnique urgently needs to improve its international links.

Whether such expressions of self-doubt work through into genuine changes in the Ecole Polytechnique remains to be seen. One idea of increasing the annual intake to 450 students (including foreigners) has already been vetoed for budgetary reasons. Polytechnique proponents say the school has been adapting to changes in society for 200 years and will carry on doing so. Any diminution in coming years in the Polytechnicians' confidence in their ability to run the country would be bad for morale among "Les X" — but could be good for France.

### The Long View

## Why trust should defer to caution

THERE IS an old story about a financier who took his small son for a walk in the country. They were both enjoying it, until they had to climb a rather high gate; to the top the little boy froze in a panic. "Come on, jump!" said his father. "I'm here to catch you." But when the boy did jump, his father stepped back and let him fall. After the crying stopped, he looked at the lad fiercely. "I hope that's taught you a lesson you'll never forget," he said. "Never trust anybody."

That is not the kind of story which gets much of a laugh at lively company dinners but this has not been a very good year for the City's self-image. The Bank of Financial Trust is the central banks, the all-seeing, all-knowing "authorities" whose ceaseless vigil protects us all from disaster. They have just returned from Washington where they attended the annual trade union meeting known as the IMF Conference; but they were unable to agree on anything. The Americans accused the Germans of courting world recession; the Germans implied that the Americans were knowingly risking renewed inflation; and nobody had kind words for the commercial banks, who were dressed down by no less than the President of the US. The British contingent made a fruitless effort at mediation; they might have been better occupied at home.

What happened in London was unedifying in a different way: the fight of a central bank trying to pursue two contradictory objectives at the same time — to stabilise both interest rates and the exchange rate — and making a technical hash of what was already difficult enough.

Central banks can't manage a quite minor currency like sterling and prosecutions fail to discourage insider trading. So who can the investor rely on? Only himself, concludes Anthony Harris



last week's trade figures, which was widely read as a panic signal. Then came the German relief column, as at the battle of Waterloo; but, with no Wellington in charge, the Bundesbank hussars seem to have withdrawn before victory was complete. The whole affair could still prove to be a subtle trap for speculators, like a boxer pretending to be groggy; but failing that, it has been a bad week for central bank prestige.

Incidentally, another Bank of England failure might have deserved a few wispish paragraphs in a quieter week. It is less than a month since the Governor made quite a powerful speech on the dangers of excessive mortgage lending. It seems that, even in Whitehall, nobody was listening very closely. This week, it was announced that the Government-controlled Girobank is going to pump even more money into this overblown market. Enough of that: British readers, at any rate, have had a lifetime's education in not

trusting the officials. However, brokers and other professionals are surely a different matter. The trouble is that the public's trust has, in this case, been well earned by nearly all our financial institutions down the years except for a few bad apples, notably at Lloyds. In the month of the Big Bang, that trust needs re-examining. An early warning sign for London is the grumbling which has broken out under the Government's plan to set up a general compensation fund to protect any non-professional investor who finds he has a mouthful of bad apple in the new, deregulated world. The deeply respectable institutions which already protect investors effectively object to having the riff-raff in to share their umbrellas, and some practitioners seem worried about having to provide protection for the first time. It is not an impressive show of mutual trust.

All this fuss can do nothing but good, though, if investors read it as a warning; for the biggest danger of the Big Bang is that ordinary savers and investors will approach the new world of deregulated financial shopping with excessive trust. People who would take a close look at a second-hand car, even in quite a glossy showroom, will spend far more on second-hand shares on the strength of a sales circular. At the risk of being boringly repetitive, I must stress again that the biggest implication of the Big Bang for you, the outside investor, is that in future you will not be dealing with a broker acting on your behalf but with a trader, unless you are very lucky or highly selective. A broker deals for commission, a trader deals for profit. An honest and far-sighted dealer like a good shop will try to give honest value

change in motivation does imply dangers. This is all much more evident on Wall Street, which has for some time been a world of market-makers — who take position in stocks and employ salesmen to move them. The tricks of the trade have been vividly and very amusingly described in the books of a trader thinly disguised as "Adam Smith"; these should be the bedside reading of any active investor this autumn.

What Smith shows above all is how much a canny dealer can get away with even in a market subject to some pretty heavy statutory policing (and incidentally, still does). You might have been impressed recently to read of the prosecution of a whole group of insider-traders by the US Securities and Exchange Commission. Mr Levine and his associates are certainly a bigger bag than our own law-enforcers have to show for their efforts, but the crime, as the law defines it, goes on; shares in New York still rise or fall sharply about the news which justifies the move. Perhaps it would be more sensible to allow legally what cannot be stopped in practice; at least, investors would have no false sense of security.

This column is not intended to make you as frightened as the little boy on the gate, but at least to be wary. Most professionals are honest and some have good judgment, too; personal experience and recommendation will identify them. Some countries and some companies are consistently well run; follow the news and you will know them. There is even some sound advice to be had from people with more taste for analysis than for backing their judgment with hard cash; again, you must judge for yourself. Even if you do trust some

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Tories will need to keep hot lines open

NO QUICK fix. That was last weekend's message from the finance ministers and central bankers gathered in Washington for their annual jamoree; and although it was rather predictable, it still left a sinking feeling in the foreign exchange markets.

Sterling fell sharply to new low points on Monday and again on Thursday, despite support by the Bank of England and the West German Bundesbank.

London

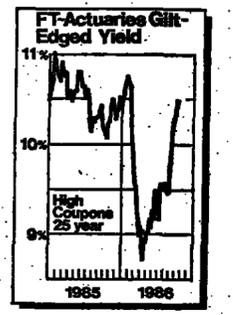
day—and, so far, the arrangement seems to have held together better than many people had expected. Indeed, the Opec ministers are due to start another meeting in the next day or two, and it is generally thought that they will manage to extend their agreement in some form or other.

As a result, the price of oil has picked up from its low point and is hovering uneasily around \$14 a barrel. From the big oil companies' point of view, things are obviously a great deal more healthy than they have been — but the price is still low enough to cause great discomfort to the second-liners and the more speculative exploration stocks.

Meanwhile, another major company to have caused some fun this week was BEECHAM when Robert Bauman—the new chairman and allegedly Britain's second-highest paid executive—made what the company insists was little more than a social tour of the City.

On Wednesday evening, Bauman hosted a cocktail party at the Savoy Hotel for the big institutional investors. No formal company presentation was made and there were no heavy speeches—just general glad-handing, according to one of the guests.

Equities are still looking rather more healthy. One sector which has been especially noticeable for its strength lately has been oil, where BP has been touching new high points for the year in the past few days. Having fallen steadily against the rest of the market



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up a head of steam which took Beecham shares from 388p on Tuesday night to over 400p yesterday, about 7 per cent below the year's high. What seems to have happened is that a major US broker (Merrill Lynch) took the opportunity to place Beecham on its morning "buy" list, both in London and in New York.

"They went round the City with a wheelbarrow," observed one trader, and the London brokers were not slow to join in as the shares moved ahead in heavy turnover.

The Americans still see Beecham as cheap, at least compared with US pharmaceutical stocks. London, on the other hand, believes Beecham is fairly priced and is wary of the blocks of stock previously built up by US institutions at prices not far above Friday's closing levels.

It is now getting on for a year since buyers were lining up in the streets to get a shot at the LAURA ASHLEY new issue at 135p. Those at the front of the queue were rewarded with a handsome capital gain when dealings opened at 194p, those who held on—and the register has shrunk by a third since then—saw the shares touch a peak of 240p in March. They are now back in the low 170s.

Tuesday's maiden set of interim results was respectable but not exciting, with sales up 29 per cent and earnings not much higher. This is not what you expect from a very highly rated company in a highly rated sector and raises the question: has the firm gone out of Laura Ashley?

The answer is a firm no. The company is a stock market oddity in that it is the only major retail stock with large overseas exposure; and its figures were depressed by the translation of dollar profits at sterling rates of exchange higher than a year ago. On top of that, changes in US corporate taxation pushed up the tax charge.

These effects will probably reverse themselves this year; and if you take them out to see the underlying performance, sure enough Laura Ashley is increasing its sales and earnings by roughly 30 per cent a year—or about twice the market average.

With a rating of, say, 23 times this year's earnings, management will have to continue at this heady pace for some years to come. Although they bid, and all those who bid below the striking price receive nothing.

in theory, you might suppose that the company would set the highest possible price at which it could sell all the shares on offer, but in practice it does not do this because the price would then have only one way to go in the after-market: down. So the price is struck below that level, and successful bidders receive only a portion of the shares they were hoping to get up in the after-market at a higher price.

Many investors dislike the process because it presents them with a dilemma. If they pitch their offer low enough to be sure of a decent premium when dealings begin, they may

remain buoyant and Christie was able to report an increase in hammer receipts of more than 8 per cent in sterling terms for the year to August. The improvement, however, is coming from the UK and European operations, which have pushed ahead strongly in spite of the downturn in visitors from the US during the period.

In the US itself, aggressive competition from big rival retailers, combined with bad blood following the Bathurst affair, have induced a loss of market share just at a time when Christie is incurring an increase in overheads from the move to bigger premises. The consequent damage to profits is likely to hold the group back to around 27m for the first half against 27.1m last time.

BOYTHORP'S wide-range of markets and niches gives it a good account for half the profit improvement, but with over 50 per cent of sales now overseas, there will be some currency

penalties to overcome in the first half. On the trading front, most interest will be directed at Bowthorpe's defence work — which accounts for perhaps 25 per cent of its business — and information gleaned on margins. But even here, the company's product range is widely spread, and it is well down the supply line. The shares had a brief flurry recently on hopes of more spectacular news, but most analysts are pitching for around 13.2m pre-tax, compared with 11.45m last time.

TELEPHONE RENTALS in terms on Tuesday should show the benefit of a £500,000 contribution from Cass Group and the increase in rental orders. The City is looking for 99m pre-tax which compares with 97.1m at the halfway point in 1985.

While the UK activities of TR which accounted for over four fifths of profits last year, are gaining from a firming of margins on sales of PABXs to British Telecom, the overseas component is losing out on currency factors. The largest African subsidiary which produced just over 5 per cent of profits in 1985.

Another example of pack-shuffling comes from North America where disappointed major diversified companies have been getting out of their base metal mining interests. This week Canadian Pacific has announced a plan to sell for C\$472m (£238m) its controlling interest in the big Cominco base metal group to Metallgesellschaft of West Germany, Australia's MIN Holdings and the Teck company of Vancouver.

Basically, the buyers are acquiring the asset on favourable terms, but will have to take a patient long term view of its earnings potential. Next week the Consolidated Gold Fields group will open, as usual, the September quarterly reporting season of the South African gold mining industry.

official expectation that output should rise from last year's 91.712 to 100,000, putting it in the top 10 of the world. A stake of 28.2 per cent in the company is held by Alan Bond's Metals Exploration which took over London's Hampton Gold Mining Areas in July. Alan Bond, presumably seeking to bring all his Australian gold interests together into a major company, recently bid 90 cents (40p) per share for Metals Ex. The latter is currently well above this bid price and holders await a more ardent wooing.

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Kenneth Marston

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HIGHLIGHTS OF THE WEEK table with columns: Price y/day, Change on week, 1986 High, 1986 Low, and a brief description of the event.

Ryman's striking offer. THIS WEEK brought the first offer for sale by tender the USM has seen for well over a year when Ryman, the high street stationery and office equipment retailer, with 53 branches in London and the south, set the terms for its flotation.

Tender offers are unusual beasts because they do not offer shares at a known price. Instead, a minimum figure is fixed and investors are invited to decide how much more than that they are prepared to pay.

When all the offers are in, the company and its advisers assess the pattern of demand and settle on a striking price. All those who bid at or above that level receive shares at the striking price (not the price at which they bid), and all those who bid below the striking price receive nothing.

In theory, you might suppose that the company would set the highest possible price at which it could sell all the shares on offer, but in practice it does not do this because the price would then have only one way to go in the after-market: down. So the price is struck below that level, and successful bidders receive only a portion of the shares they were hoping to get up in the after-market at a higher price.

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COMPANY NEWS SUMMARY

TAKE-OVER BIDS AND MERGERS

Table with columns: Company bid for, Value of bid per share, Market price, Price before bid, Value of bid, and Bidder.

PRELIMINARY RESULTS

Table with columns: Company, Year to, Pre-tax profit (£000), Earnings\* per share (p), and Dividends\* per share (p).

INTERIM STATEMENTS

Table with columns: Company, Half-year to, Pre-tax profit (£000), Interim dividends\* per share (p).

Richard Tomkins. (Figures in parentheses are for the corresponding period). \*Dividends are shown net pence per share except where otherwise indicated. †Figures in IE. ‡Figures for 15 months L. Loss.

RIGHTS ISSUES

Table with columns: Company, Rights issue details, and amount raised.

OFFERS FOR SALE PLACINGS AND INTRODUCTIONS

Table with columns: Company, Offer for sale/placement details, and amount raised.

MARKETS

Investors hedge bets

THERE IS a healthy sort of... in the US stock market today. Prices are going nowhere, but the problem is not the kind of dangerously unstable equilibrium between extremes of optimism and pessimism that often presages a sudden break in share prices.

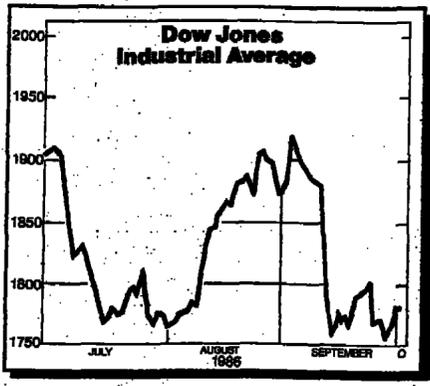
which the mini-bear market could test the 1,600 level on the Dow Jones industrial average. Only after such a fall, would the stage be set for a major surge into the 2,000 region in early 1987 and a joy ride all the way to 2,500 by the end of the decade, according to Merrill's weekly market letter.

Wall Street

have been 15 such corrections, in which the market fell from peak to trough by 16 per cent on average. Almost invariably, such setbacks have presented excellent buying opportunities - on average, Merrill Lynch points out, the market was 27 per cent higher a year after the trough.

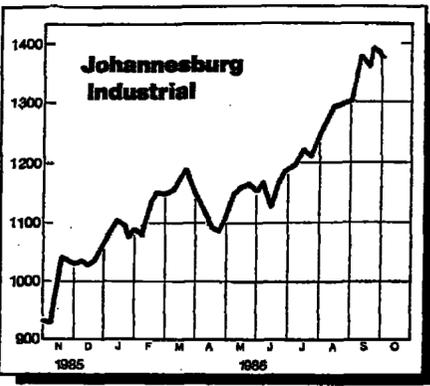
bivalent and limited in their assessments. For example, Joe Feshbach, Prudential Bache's respected technical analyst, argues for a precise inversion of the v-shaped market movement predicted by Merrill Lynch.

In the short run, he says, prices have consolidated enough already - the next four to six weeks should see a stronger market than is generally expected. After a brief recovery, however, the Dow will decline by 15 per cent late this year or early next. Leaders like Coca-Cola and Gillette are showing identical formations to the peaks formed by the oil stocks in 1981 and 1980.



Dizzy days

A FORTNIGHT ago, the hyper-active South African gilt market took fright at August's 13.7 per cent inflation rate and called a halt to the advance which had lifted long-term Government stock prices by half this year.



While brokers have welcomed the recent equity market correction they believe that it is simply a correction and not a reversal of the market's underlying gold-led bull trend. The gilt floor was dominated by traders and jobbers, who had been content to mark long-term interest rates down in line with declining short rates, and were caught with a lot of stock when one or two broke ranks, says William Bowler, a partner in broking firm Fergusson Brothers.

Actuaries' All Gold Index stood at 1,164.8. It peaked at 2,061 on September 22 and closed at 1,629 on Wednesday this week. The JSE Actuaries' Financial and Industrial Index's performance has been slightly less hectic - it started the year at 1,339.2, peaked at 1,892 on September 26, and closed at 1,673 on Wednesday.

porate profits will be helped not only by improved sales but also by firms' ability to restore margins as demand improves. While the authorities are trying to encourage recovery by stimulating the domestic economy, gold remains the principal driving force of the JSE. Gold's advance, Stuart says, was due to dollar fears rather than inflationary fears. And he believes there is a potentially explosive situation developing in gold shares even though they have risen by about two-thirds in the past three months.

Coffee cools after a quick boilover

That might not seem a particularly penetrating observation but it is one which the private investor in commodity futures would do well to keep in mind. And it is a lesson which has been brought home forcefully to speculators who have had their fingers burnt in the coffee market this week.

inadequate rainfall over the past few months. Some coffee market analysts are doubtful, however, that these factors had much to do with the price upsurge which boiled over towards the end of last week. They think the five-week rise, which boosted nearby futures prices by \$400 a tonne, was almost entirely due to technical (chart) factors which prompted heavy buying by commodity investment funds.

at the same time. And as they account for more than 80 per cent of coffee futures market turnover, their influence tends to swamp that of the trade (merchants and manufacturers) which is more inclined to look at supply/demand factors.

the shortage of Brazilian beans makes itself felt. But in the meantime they remain content to sit back and watch the price gyrations generated by the speculative element in the market. It is a truism that every speculative purchase of a commodity represents a potential sale. Commodity holdings, unlike equities or government stocks, generate no income - the commodity investor is seeking short-term capital growth; in plain language, he is taking a gamble.

begin to point downwards and the fall will continue until a "resistance point" is reached. If that point is held, speculative funds may begin to trickle back into the market in the hope that another bull run is coming.

after the summer shut-down, prices then began to rise. By the end of September, the LME cash position had put on \$81, a rise which had been exaggerated, admittedly, by the fall in the value of sterling.

cash inflows have to be directed largely into South African gold shares and the trend has already started. Net divestment from South African shares ended last month, according to estimates by local brokers who believe that foreigners will become net buyers of gold shares this month or next.

South Africa

Commodities

Advertisement for Money Management. Features a large image of a person's face and the headline 'God help all those who fail in her'. Text includes 'Every month we stand in judgement over 700 unit trust and fund managers...' and 'There are detailed figures on fund size, dividend yield, and the all-important return on £1000 invested over 7, 5, 3, 2 and 1 year terms...'.

Advertisement for Vanguard European Fund. Features the headline 'The Award-Winning Team Moves Into Europe' and '20% DISCOUNT on a daily valuation'. Text includes 'Leading the way in Performance' and 'Investing for Growth in Europe'. Includes a contact form for Vanguard Trust Managers Ltd.

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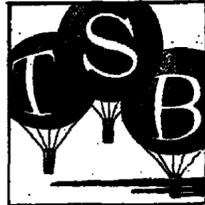
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## Richard Tomkins explains why buying TSB isn't necessarily easy money

# To sell or hold on, that's the question



MANY INVESTORS will next week find good reason to curse those who told them that the Trustee Savings Bank flotation meant easy money. The issue proved so popular that nearly 5m applied for shares—more than twice as many as applied in the much bigger British Telecom flotation two years ago. The TSB decided it could cope with only about 3m shareholders; so by the time it had taken on board the customers and employees who had been promised shares, it had room for only half the members of the public who applied. Even successful applicants are being allocated only a portion of the shares for which they applied: their cheques have already been banked, and they will receive their allocation, together with a new cheque for whatever refund is due, next Thursday. Unsuccessful applicants will have their cheques returned unashed. In theory, unsuccessful applicants should have little to complain about. If they have drawn a cheque on a current account and it is returned unashed, the money will never have been drawn and no harm will have been done. However, the heavy withdrawals reported by building societies in the run-up to the flotation show that large numbers of investors were using their society accounts to pay for shares. Most of these will lose at least two weeks' interest on their money, because society deposits are inhibited the moment a cheque is written out. The reason for this is that when societies make out a cheque to a third party, they

take the money out of the depositor's account, put it in their own account, and write out a cheque on the latter to the third party. If the third party never banks the cheque, the society gets an interest-free loan at the depositor's expense—although some, including the Nationwide, are prepared to refund the interest. Applicants who use society accounts to apply for, say, £5,000 worth of shares will therefore have lost at least £13 in interest. Others will have done much worse: people who took £5,000 out of their 90-day accounts without the required notice, for example, will have lost £100. There are also stories of people borrowing funds at usurious rates of interest to apply for TSB shares. Even those who do receive shares will not become rich. The successful £5,000 applicant, for example, will get only 500 shares, so a 50 per cent premium on the partly paid price of 50p would produce a gross profit of only £150. After dealing costs and interest charges, the net profit would be nearer £120—hardly enough for the new investor that many an investor had dreamed about. For those applicants who do receive shares, there are two main questions: how big the premium will be when dealings

begin next Friday, and whether to hold the shares or sell them. The consensus in the City is that on a rational appraisal of the TSB's quality, profitability and prospects compared with those of the other UK clearing banks, the 100p shares are worth up to 125p. Because the 100p shares are only partly-paid at 50p, a 25p premium would have them trading at 75p—a 50 per cent premium to the price paid. But, in fact, the premium is likely to be more than that for two reasons. The first is that the shares attract a one-for-10 loyalty bonus at the end of three years, effectively adding another 10 per cent to their fully-paid value. In other words, if the shares are valued at 125p, a further 12½p has to be added to the premium, implying an opening price of 37½p.

formed a new stock market sector of its own. The TSB, however, is not unique: there are several other banks into which the institutions can put their money if the TSB is overpriced. With the wider market at this week's levels, resistance would probably start to set in at about 80p, but there may be enough over-eager institutions banking ranks to take the price to 85p or so, at least initially. On the question of whether to hold or sell, this is really a personal decision for the individual investor. The TSB's profits performance is likely to be pedestrian in the short term because it will take time to deploy the issue proceeds, but it is a quality business with good medium-term growth prospects. For the serious investor, then, this factor, combined with the loyalty bonus and the 6 per cent yield, suggests that the shares will be a good longer-term hold. The snag—people who buy new issues with the intention of selling for a quick profit—need no advice, for true states never dither: they sell immediately in the market for whatever price they can get. For those in between, it is just a matter of price. Anything under 75p would look too cheap, especially in view of the loyalty bonus, and it would probably be better to hold in the hope of upward movement. From 75p to 80p, it would be a case of flipping a coin. From 80p onwards, the profits begin to look too good to miss; perhaps best to take the money and run, especially if you worry about how much longer the bull market has left to go.

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### Funds and the index

Eric Short

deposit. An unusual feature is that an overdraft facility will be available by arrangement with branch managers.

FOR THE first time, UK participants are being invited to enter the Financial Grand Prix—an investment competition that has been running on the Continent for three years. Organised under the patronage of EEC by Consida Financial Services of Luxembourg, the competition allocates each investor with a fictitious start-up capital of ECU 200,000 (£142,000) which can then be "invested" at real-time prices over a 10-week period in a range of 110 stocks; 42 options on stocks, currencies, futures and precious metals; 12 currencies; or physical gold and silver.

The competition runs from October 10 to December 19 and the entry fee is £50. There are prizes, totalling ECU 118,000 split between European, national and student winners. Both the Stock Exchange and Life (London International Financial Futures Exchange) are sponsoring the Grand Prix in Britain as a way of improving investors' awareness of options. Details are obtainable from the Options & Futures Society, 12 Crutched Friars, London EC3 2AN (01-488 5200).

### On lesser charges

A CHEAPER and simplified scale of fixed charges for buying and selling shares, effective after the Big Bang on October 27, was announced this week by Lloyds Bank.

A panel of 24 brokers throughout Britain has been selected to handle customer sharedeals through the bank's 2,300 branches at a fixed rate of 1.5 per cent for buying and selling equities and 0.5 per cent for gilt transactions. There will be a minimum charge of £10 and a maximum of £100. Value added tax and stamp duty will also be payable. So will an additional bank fee based on a sliding scale from nil on transactions under £100 up to £5 on deals of £500 and above.

Lloyds says the new sharedeal service, as it is called, is not only cheaper than existing rates but also easier to calculate and understand. Under the old charging system, a deal in equities worth £400 would cost the customer 1.5 per cent, plus a new deal it will be £13. The

### Special deal for investors

HOW DO you sell your TSB shares, if you have been lucky enough to receive an allocation and the price is right? As outlined in the prospectus, the TSB has negotiated special dealing arrangements with 16 regional co-ordinators in the main cities, and other local stockbrokers, to buy and sell TSB shares at well below the normal existing rate of commission.

The special deal is aimed specifically at small investors since it is restricted to bargains only up to £7,000. The agreed special rates of commission for sales are 1.65 per cent for transactions below £500 and between £425 and £7,000. There is a £7 charge for transactions between £300 and £424. Charges for purchases are similar: 1.65 per cent for transactions below £300 and between £207 and £7,000. There is a £10 charge for purchases between £300 and £206. In both cases value added tax is payable and on purchases, stamp duty or stamp duty reserve tax, where applicable, has to be added. As pointed out last week, after October 27 stamp duty reserve tax at the rate of 0.5 per cent will become payable on dealings.

The same rates of commission will also apply to transactions made through TSB branches and rival banks, since they are likely to change to any sales orders through the designated brokers charging reduced commissions. Barclays and NatWest are waiving the normal additional 25 minimum fee charged by bankers on top of the broker's commission.

Over-the-counter brokers, already making a market in the TSB shares, may use the TSB dealings as a loss-leader to help boost their lists of potential clients. However, while you might get a bargain on TSB you could then find yourself at a later date pressured into buying other lesser-known stocks with a dubious pedigree.

Indeed lucky holders of TSB shares are likely to be besieged with special offers in the weeks ahead. First off the post is Royal Life who this week announced a special deal under which you can exchange your TSB shares for investment in a Royal Life

### INTEREST RATES: WHAT YOU SHOULD GET FOR YOUR MONEY

Quoted rate %	Compounded return for taxpayers at:			Frequency of payment	Tax (see notes)	Amount invested	Withdrawals (days)
	29%	45%	60%				
<b>CLEARING BANK*</b>							
Deposit account	4.30	4.39	3.40	2.47	monthly	1	0-7
High interest cheque	7.20	7.40	5.75	4.17	quarterly	1	2,500 minimum
Three-month term	7.51	7.50	5.81	4.23	quarterly	1	2,500-25,000
<b>BUILDING SOCIETY†</b>							
Ordinary share	5.25	5.32	4.12	3.00	half yearly	1	1-250,000
High interest access	7.00	7.00	5.42	3.94	yearly	1	500 minimum
High interest access	7.25	7.25	5.62	4.08	yearly	1	2,000 minimum
High interest access	7.50	7.50	5.81	4.23	yearly	1	5,000 minimum
High interest access	7.75	7.75	6.00	4.37	yearly	1	10,000 minimum
90-day	8.00	8.15	6.52	4.60	half yearly	1	10-24,999
90-day	8.25	8.42	6.52	4.74	half yearly	1	25,000 minimum
<b>NATIONAL SAVINGS</b>							
Investment account	10.75	7.43	5.91	4.30	yearly	2	5-100,000
Income bonds	11.25	8.41	6.52	4.74	monthly	2	2,000-100,000
31st issue	7.85	7.85	7.85	7.85	not applicable	3	25-5,000
Yearly plan	8.19	8.19	8.19	8.19	not applicable	3	20-200/month
General extension	8.01	8.01	8.01	8.01	yearly	3	—
<b>MONEY MARKET ACCOUNTS</b>							
Money Market Trust	7.21	7.34	5.69	4.14	half yearly	1	2,500 minimum
Schroder Wagg	6.54	6.74	5.22	3.80	monthly	1	2,500 minimum
Provincial Trust	7.48	7.74	6.00	4.36	monthly	1	1,000 minimum
<b>BRITISH GOVERNMENT STOCKS‡</b>							
7.75pc Treasury 1985-88	10.48	8.19	6.92	5.74	half yearly	4	—
10pc Treasury 1990	11.42	8.44	6.79	5.25	half yearly	4	—
10.25pc Exchequer 1995	11.17	8.05	6.36	8.02	half yearly	4	—
3pc Treasury 1987	8.24	7.25	6.94	6.48	half yearly	4	—
3pc Treasury 1989	8.52	7.57	7.05	6.56	half yearly	4	—
Index-linked 1990††	8.45	7.81	7.45	7.12	half yearly	24	—

\* Lloyds Bank. † Halifax. ‡ Held for five years. § Source: Phillips and Drew. ¶ Assumes 4 per cent inflation rate. 1 Paid after deduction of composite rate tax, 2 Capital Gains Tax, 3 Tax free.

unit-linked single premium bond. The big attraction is that Royal Life will absorb all the dealing costs involved in buying or disposing of the shares. Minimum investment in the Investment Portfolio, as the bond is called, is £2,500 but this can be a combination of shares and cash. The offer is open for six weeks starting from Monday.

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Carswell & Co  
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Laing, Crutchbank  
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Financial Times

THE FT READERS GREAT INVESTMENT RACE

I wish to enter the FT Readers Great Investment Race and enclose entry fee of £10 (cheque or postal order made payable to Charity Projects).

Table with 6 columns: Entry number, 1st choice, 2nd choice, 3rd choice, 4th choice, 5th choice, Estimate of FT SE 100 Index on 23/9/87.

HOW TO ENTER... In the Readers' Race you have a nominal £25,000 to invest in up to five different stocks from the FT-SE 100 Index in blocks of £7,000.

FT-SE 100 Companies with prices as quoted in September 24 issue of The Financial Times

Table listing 100 companies and their prices, including ASDA-MFI, Allied-Lyons, Anglo, etc.

October 31 is the closing date for entering the FT Readers' Race, which will run alongside the Great Investment Race for professional fund managers.

For the Readers' Race, entrants will assemble a mythical portfolio, worth £25,000, of up to five companies from the FT-SE 100 Index.

The winning reader - with the highest value portfolio according to share prices quoted in the FT on September 23, 1987 - will win £2,500 of Prudential unit trusts.

It will cost readers £10 to enter and the money raised will be donated to charity by Charity Projects, organiser of the Great Investment Race.

Play your cards right

THIS IS the time of year when all that lavish holiday spending made with a credit card on the Costa del Sol comes home to roost in the form of the monthly Access or Barclaycard statement.

While many holidaymakers just rue their extravagance and pay up, others take a closer look at the numbers to see what rate those pesetas were converted back into sterling.

But whether you got a good or a bad deal on your currency conversion depends on what card you use because the major ones all handle it differently.

With Barclaycard or any other member of the Visa organisation, you are taking a bit of a chance because they actually convert the currency twice.

At Access, which has the most straightforward system, the charge is converted from foreign currency into sterling at its Southern centre on a rate supplied jointly by the Euro-card organisation, to which it belongs, and Lloyds Bank.

Access claims to offer "a fine rate." Our research bears this out. On Monday, Access quoted a better rate than the official market rate reported by the FT.

The Visa organisation recognises this. So it has programmed its computers to pick up variations between the sterling rate on the day the slip was signed, and the rate on the day of conversion.

It seems an unnecessarily complicated system and Visa is considering going over to the Access method.

American Express converts directly, like Access. But it bases its conversion rates on competitive market rates, charging a 1 per cent commission on the sum converted.

So you should use Barclaycard or Access in preference to American Express (though American Express offers other advantages like limitless credit).

David Lascelles

Table titled 'HOW THE RATES COMPARE' showing rates for Access, Barclaycard, American Express, and FT in US\$, FFf, and It. Lira.

Nuclear risks accepted

THE LABOUR and Liberal parties may be disenchanted and fearful of the future of nuclear energy installations in the UK, but leading life re-assurer Swiss Reinsurance Company (UK) still considers working in UK nuclear installations to be reasonably safe.

Indeed, Swiss Re considers that it is far more dangerous working on a North Sea oil rig than at Sellafield, since it is recommending hefty extra premiums for oil rig workers' life assurance policies.

Swiss Re, as part of its service to its life company clients, carries out research into various life underwriting aspects. Its latest effort investigates the occupational hazards of working in the energy industry - coal mining, oil and gas and nuclear energy, the latter given prominence by the Chernobyl disaster earlier this year.

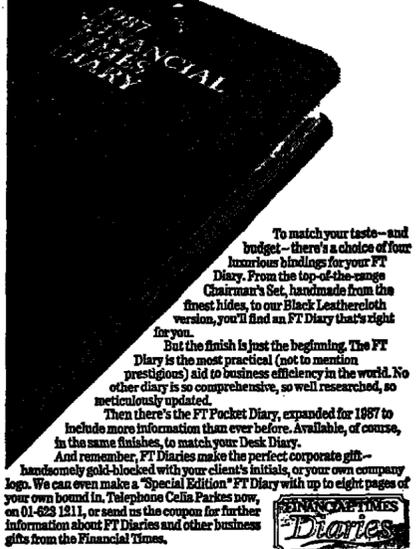
Researchers considered the evidence available, albeit sparse, and concluded that safety measures in the UK nuclear industry were among the most comprehensive in the world.

coal miners. Here, there was a wealth of information available and again safety measures were deemed to be of a very high standard.

However, working on oil rigs is still considered dangerous with heavy ratings recommended for most workers, though not quite as high as previously.

Eric Short

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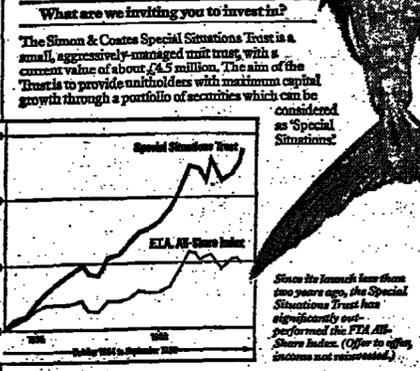
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What is the Trust's performance record? The Trust is the UK's fifth best-performing Special Situations Trust over the last 12 months (Source: Money Management September 1986).

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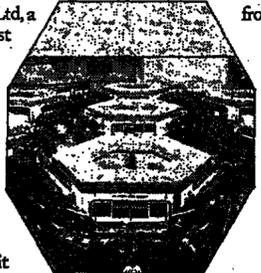
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### Inadequate legislation leads to Wheeler dealing, says Eric Short

# So bad for your wealth

IT IS NOT going to take investors in the ill-fated McDonald Wheeler Fund Management very long to count their losses.

The first report from James Pope, the Official Receiver, in his capacity as Provisional Liquidator, reads like a financial horror comic. Investors who put nearly £2m into the nine so-called management funds have been warned that they can expect to receive very little back at the end of the day.

However, the McDonald Wheeler saga has highlighted several important lessons for investors, for investment management groups and, above all, for the Securities and Investments Board (SIB) in drawing up its rules for operating the financial services legislation.

The overriding and worrying conclusion must be the failure of the existing control systems to prevent this kind of situation from happening.

McDonald Wheeler was a member of the Financial Intermediaries Managers' and Brokers Regulatory Organisation (Fimbra), previously the National Association of Security Dealers and Investment Managers (Nasdim).

Interviews with investors who put their money with the company show that they considered membership of Nasdim, which was prominently featured in the promotional literature, provided a seal of approval on the activities of McDonald Wheeler. The company started trading in June 1982 and Pope was appointed Receiver on

August 6 following a petition for winding up by the Department of Trade and Industry.

Subsequent journalistic investigations disclosed that John Wheeler, the principal director of the company, had at one time entered into a deed of a management with his creditors. In addition, he was a director of two companies put into liquidation on the grounds of insolvency.

These discoveries raise the question as to how Wheeler and his company were accepted for membership by Nasdim in the first place.

The first report by Pope alleges that out of £8.9m supposedly put into life company funds and other secure investments—via the company's in-house broker managed funds—only £1.8m actually went into quoted securities or externally managed funds.

Nearly half the money, some £4.2m, was invested by way of share capital or unsecured loans in private companies. This included ventures such as renting out a luxury boat ostensibly for hiring out. The report also shows serious

discrepancies in what accounts were kept and alleges there were no separate bank accounts for each of the nine in-house managed funds.

So the next major question is, why was such a situation allowed to continue for some months before it was discovered? Evidently Fimbra's reliance on auditors certifying the accounts of member companies does not work very effectively.

Fimbra's main defence is that it simply does not have sufficient manpower resources to check on the activities of all its 1,200 member companies thoroughly. That may be true, but it is a far from acceptable situation. Inadequate checking by an official regulatory organisation is worse than no checking at all.

If the investment management company does not belong to any official organisation then the public is at least put on guard. But when a company is approved for membership of a regulatory organisation like Fimbra, the public automatically considers the company is vetted regularly and can be accepted without question.

On the premise that prevention is better than cure, the main method for controlling such independent brokers would seem to be insistence that all investments must be handled by an independent recognised third party which would hold the title to the assets, that is, operate in a similar way as trustees operate for an authorised unit trust.

Other safeguards, such as segregated client accounts, in themselves, do not provide complete protection for investors.

The lessons for SIB in authorising investment businesses are:

- There must be positive vetting of all applicants.
- There must be regular and frequent checks on the operations of the business to ensure that the rules are being complied with.
- There must be a compensation fund to reimburse investors.

Meanwhile, investors need to check out any investment firm with which they are considering dealing. They must not accept without question the names of any guarantors, such as a life company. They must check directly with the guarantor themselves. They must ensure that wherever possible when investing in broker funds, cheques are made out to the financial institution not the fund manager. They must insist on evidence that the investment has been carried out and if possible hold the assets themselves.

# Playing it safe

A MONEY-BACK guarantee is usually looked on as a gimmick used to promote an inferior product. Yet Gartmore management group is confident that it can be used to tempt investors, who have so far avoided the risky share market to buy unit trusts.

The company reasons that many people keep their money on deposit for fear of losing capital that might have taken years to build up. To overcome this, Gartmore is introducing a unit trust that guarantees the original investment will remain intact over a five-year period while allowing a limited dabble in world stock markets.

Called Safeguard, the scheme, which calls for a minimum £1,000 stake, is a combination investment of government securities (gilts) and shares. Depending on interest rates, around 70 per cent of the initial stake is invested by General Portfolio life assurance company while allowing a limited dabble in world stock markets.

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While the guaranteed element ensures that the original stake is secure, the 30 per cent unit trust investment will earn profits.

The advantage of the two investments being packaged via a life company is that death cover is included. In case of death, the original investment or the cash value of the plan, whichever is the greater, will be paid.

Gartmore also claims that tax concessions available to General Portfolio at this particular time, will allow the guaranteed element of the fund to achieve a healthy return on the gilts investment.

For the standard-rate taxpayer there is no liability to tax during the five-year term. But if you are in a higher bracket or eligible for income tax age allowance, a liability may arise when the proceeds are redeemed at the end of the period.

It should be remembered that the guarantee applies only if the plan is held for the full five years.

John Edwards

### Eric Short continues his shorts on paying for private education

PARENTS wishing to have their children educated in the private sector may well find the schools themselves able to assist in the payment of fees.

Many of the well known public schools were founded in the first place to help educate children of poor parents, and still maintain a certain number of places to continue meeting this objective.

Parents should ask about the terms and conditions for these places. They will vary from school to school, but often the child would have to meet an academic standard higher than the Common Entrance examination. The reductions in fees would usually be subject to a means test on the parents.

Several schools also offer exhibitions to children with certain specific talents; music exhibitions are one particular example. But exhibitions can be based on other attributes or

## How schools can help

even on a high general academic standard. Each school will have its own requirements but all are based on merit.

Children qualifying for exhibitions would have their fees reduced by the amount of the exhibition grant. Music exhibitions can cut the fees by up to half.

Parents need to ask about the possibilities of foundations or exhibitions well before the child starts at school. Often, the headmaster of the preparatory school will advise on the possibilities.

Many schools will accept lump sum cash payments before the child takes up a place at school, thus reducing the actual fee payments when they arise. However, not many of the capital payment schemes are on a commercial basis. The school cannot pass on to parents the benefits of its charitable status.

Parents should compare the

terms offered by the school with the capital schemes offered by school fee specialists and life companies. Taking out a capital scheme from the school does not usually guarantee a place for the child.

Schools are prepared to consider help in the form of bursary grants to parents who have financial worries over maintaining a child already in classes.

In general, schools are reluctant to see pupil's education disrupted because of money problems.

They know that the recent recession hit executives and middle management almost as hard as the shop floor and clerical staff as far as redundancy was concerned.

Bursary grants are made on an ad hoc basis after a full investigation into the parents' circumstances. However, this



facility should be regarded as a last-resort safety net—not the substitute for advance financial planning.

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## WHAT IS DE LA RUE?

De La Rue once meant—among other things—playing cards, British postage stamps, Onoto pens. Later, it meant Formica laminates, Potterton boilers, even Bull computers.

De La Rue in 1986 means none of these things.

We have worked on the basis that change is an important sign of life.

Throughout all phases of its existence the company's core business

has been the production of currency.

It still is, although the nature of that business requires us to say as little about it as possible.

However, the experience of our banknote business has inspired a key element in the company's strategy, that we shall be world players in as many of our activities as we can.

At latest count, we have achieved this in 11 distinct product areas.

Crosfield Electronics, for instance, is already a world player in pre-press automation, De La Rue Giori in banknote printing machinery, De La Rue Printrak in automated fingerprint identification systems.

De La Rue today has two dominant streams, the traditional and highly specialised skills of its security printing side and the highest of high technology in the Crosfield business.

In between these two pillars there are a number of developing businesses which draw on the expertise of both, and which we call Electronic Security. Banknote handling, national registration systems, identification systems of all kinds and access control belong to this sector.

De La Rue has grown profitably over the past ten years of change. We owe a lot to heavy investment in R&D, and recently we have been reinforcing our strengths by acquisition.

We intend to keep De La Rue on the move.

TEN YEARS OF PROGRESS		
	1976	1986
Share Price (at 31 March)	113p	990p
Total Workforce	11,346	10,234
Turnover	£126.4m	£303.8m
Profit Before Tax	£9.8m	£69.4m
Trading Margin	7.8%	14.6%
Return on Shareholders' Funds	21.6%	32.5%
Earnings per Share	13.3p	84.4p
Total Dividend	9.0p	46.6p

## The De La Rue Company

THE DE LA RUE COMPANY, ALL THE LANE HOUSE, NEWCASTLE ROAD, LONDON W1A 1AA



Financial 1986

# Going for a broker

### Marcel Hughes on how to acquire a market adviser

HOW DO you choose a stock broker? Many people who have never dealt on the stock market are being enticed to start by the chances for quick gains offered by the TSB, British Telecom, and soon British Gas. If you have successfully bought some of these shares, how and where do you sell them to reap the best profit?

With the Personal Equity Plan starting in January likely to give a further massive boost to the Government's encouragement of wider share ownership, the services of brokers will be in even greater demand.

An obvious first step to finding a suitable broker for your needs is to ask around among your friends. Personal recommendation is still the most common route by which brokers obtain new clients.

It has just launched a major campaign to promote share ownership. As part of this campaign it has published various booklets explaining share ownership and investment and the changes resulting from the Big Bang.

In addition to the list of member firms the Stock Exchange publishes a directory of those who specialise in dealing with private investors. It includes provincial as well as London-based brokers. There is a brief run down on individual brokers covering their specialities such as the securities they trade in, the markets they offer an advisory or discretionary service or both.

For instance some will undertake discretionary investments (where you allow them to make all the investment decisions for you), only after you have used their services for an initial period of a year or two by which time they have established your needs and priorities.

Before making a final choice it is essential to meet your broker. As the Stock Exchange Council emphasises, it is important that you and your broker get on. It is equally important that she or he establishes how much money you are prepared or able, after meeting essential overheads, to risk on the stock



service where the broker will provide advice, information and specific recommendations but will take no action unless you have given your approval first.

If you are happy to hand over all the decision making to your broker, giving him discretion but still keeping you informed, then you will opt for a discretionary service. In this case it will be all the more important that the broker understands your investment objectives.

Small investors have tended to be pushed towards a discretionary service because it is less time-consuming and thus cheaper for the broker. But since this means that you lose control of your portfolio it is essential that you have full confidence in your broker.

There is also the danger that the broker may keep churning the portfolio simply to increase commission earnings. In the end, of course, what you really want to know is how good your prospective broker is. Unfortunately, because individual needs vary so much, there are no broker performance figures. But the Association of Investment Trust Companies does publish tables which help you find a broker to suit your purse. They show how much private client business each broker undertakes and the minimum account value and

minimum bargain brokers will accept both on an advisory and a discretionary basis. Many brokers, especially those in the provinces, will now deal with any size of bargain, although they normally set a minimum charge.

The tables also list the minimum commissions currently charged though this will all change after the Big Bang when they become freely negotiable. So too will the pricing structure of the services which brokers provide. In the past investors have often had to pay the same for a straight execution service as for a service which is backed by investment advice. But this is changing as more brokers introduce a cheap "no frills" dealing service. As a result, an advisory service where the broker has to consult you before making any deal will in future cost proportionately more, since it is much more time consuming.

Though the small investor is now being wooed you still need to be relatively rich to have investments individually managed by a broker. It will be easier to obtain investment advice as a fairly modest private client but those with small amounts to invest are still likely to find their funds channelled towards unit trusts. A general rule of thumb is that if you are to invest directly in shares you still need at least £20,000 to achieve the necessary spread of investments and nearer £100,000 if you want a top level management service. These ceilings may be lower in the provinces.



# DON'T MISS OUT ON EUROPE

Of all the world stock markets, Europe's are setting the pace. Last year share prices in Italy advanced by 98%. In Germany by 76%. In Switzerland by 52%. And in France by 46%.

Now the dramatic fall in oil prices looks likely to give share prices another large boost.

Govett European Growth Fund was one of the early unit trusts to specialise in this area. It has been one of the most successful and over the last year the offer price has risen by 111.9%.

To find out more about the Govett European Growth Fund please return the coupon - so that you don't miss out much longer.

\*As at 1985 on an offer to other funds.

### Govett European Growth Fund

The John Govett Unit Management Limited, Whitehorse House, 77 London Wall, London EC2M 1DL. Telephone 01-688 9620. Please send me full details of Govett European Growth Fund.

NAME: \_\_\_\_\_ ADDRESS: \_\_\_\_\_ My usual investment adviser is: \_\_\_\_\_

Independence offers its own rewards

JOHN GOVETT



<b>MAXIMUM INCOME ACCOUNT</b>	<b>PREMIUM SHARE ACCOUNT</b>
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GROSS EQUIVALENT	GROSS EQUIVALENT
<b>13.38%</b> (for basic rate tax payers)	<b>11.62%</b> (for basic rate tax payers)
<b>General Portfolio</b>	
General Portfolio Life Insurance PLC Valley House, Crossbrook Street, Chestnut, Hertfordshire, EN8 8JL. Tel: 0992 31971	

## AS A nation we are woefully underinsured against the financial consequences of death. But we are even more lax when it comes to insuring against the financial consequences of being disabled.

This puzzles Michael Hepher, chairman and chief executive of Abbey Life Assurance. After all when you die you are not around to see your dependants struggle along on social security benefits because of your lack of foresight about life insurance. But if you are confined to a wheelchair through a serious accident, or disabled by a heart attack, then you will see only too clearly their financial struggle.

If you think the state will provide, because you have been paying National Insurance contributions since you started working, you are in for a shock. The latest Family Expenditure Survey shows the average weekly spending by a family with two young children at £151.91. If you are disabled by accident or illness, the social security benefit payment of £83.25 will barely meet half this expenditure.

Your next line of defence for doing nothing is that it won't

## Insure while you're able

happen to you. But the latest statistics from the Department of Health and Social Security show that, in a year, there were over 900,000 claimants who had been ill or disabled for at least 28 weeks.

True, many employers are extremely generous towards an employee who is ill for a long time, paying all or a high proportion of the salary over extended periods. But other employers are not so generous—and small employers generally do not have the resources to be so. The self-employed, of course, have no employer to fall back on.

The case for protection in the event of being disabled, known as Permanent Health Insurance (PHI)—a complete misnomer—is strong. Yet it is still a relatively untapped market. Abbey Life hopes to exploit this market with its new Healthmaster—its first entry into PHI.

The general arrangement made by PHI is that income payments start after a certain

TABLE below shows the cost of a benefit of £7,500 per annum for a professional male, expiry age 65, with a deferred period of 18 weeks, payable monthly.

Age next birthday at entry	35	45	55
Abbey Life	9.24	16.11	40.05
Allied Dunbar	10.73	17.48	30.00
Friends Provident	12.09	19.00	36.28
NEL	12.54	19.10	32.23
Norwich Union	12.50	18.39	31.23
Permanent	10.21	15.95	27.76
Phoenix	10.54	16.70	34.25
Premium	10.63	15.83	25.81

period following onset of disability—known as the "deferred period"—and continue for as long as the individual is disabled, up to a particular point such as the age of 60 or 65. Healthmaster offers a flexible choice of both the deferred period and the period of cover. Flexibility is also applied to the benefit structure. Three types of cover are offered: 1. The cover increases in line with inflation. Benefit payments also increase in line with inflation.

premiums are invested in units of a choice of funds, and enough units—most of them—are cashed to provide the cover. The premium level has been based on an assumption that the units will increase in value by 7.5 per cent a year. Since it is hoped that growth will be at a higher level, there should be a surplus if no claim is made.

A novel feature of the Healthmaster plan is the Crisis Cover option: for an extra premium a weekly cash payment is made immediately if illness or accident results in an individual entering hospital for at least seven days. The income payments will be backdated.

The number of life companies in this field is still comparatively small. Abbey Life is aiming at the under-45 long cover period market, particularly at the 2m self-employed. It claims its premium is competitive in this field—see the table given here. But as usual it pays to shop around, checking carefully the level of cover provided. Note too that women would pay up to 50 per cent more for the Plan.

Eric Short

## Finally, from France, a French Unit Trust



# DUMÉNIL French Growth Fund

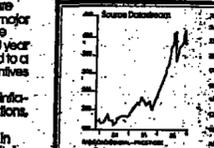
Shrewd observers of financial markets are looking just across the Channel for the next major investment opportunity. Little surprise when the French economy is expected to be on a 5 to 10 year growth cycle when the Government is committed to a share-owning democracy and offers tax incentives to entrepreneurs and venture capitalists.

Within a climate of booming exports, low inflation, a strong currency and good labour relations, privatisation of major French institutions will accelerate the demand for share ownership in France. All predictions suggest that a substantial new flow of funds into the French stockmarket will outpace buoyantly upwards.

Now from Duménil Unit Trust Management Ltd, comes DUMÉNIL, the first French unit trust.

The aim of the Fund is to offer capital growth through a carefully managed portfolio focusing on special situations, privatisations, take-overs, Growth and Recovery Stocks. New issues will also feature, both on the House and the Second Marché. Part of the Fund will be invested in Fixed-Interest Stocks and Convertible Bonds.

Principal investment managers to the Fund are DUMÉNIL SA, described by Nat West Bank's Country Securities Review as "the shining star of the French financial market". DUMÉNIL SA is the



Remember that the price of units and the income from them may go down as well as up. You should regard your investment as long term.

Leading French securities houses specialising in bond portfolios: its subsidiary, C&H, is a leading specialist in equities. In France the Group manages 7 mutual funds and 5 unit trusts and a total of private and institutional money exceeding \$1 billion.

The nucleus of the French market demand on-the-ground intelligence. Through the management of DUMÉNIL SA, investors in the Duménil French Growth Fund will be certain of that.

Invest now at a Fixed Price! Until October 17th, 1986, units can be purchased at the Fixed Price of 400p with an estimated initial gross yield of 2.0% plus to invest, return the coupon with your cheque (minimum £1,000) without delay.

FIRST PUBLIC OFFER FIXED PRICE UNTIL 17th OCTOBER, 1986. DUMÉNIL Unit Trust Management Limited. Details of the offer and the Fund are available on request from the issuer.

DUMÉNIL Unit Trust Management Limited

## OFFERING CLOSURES 10 OCT

# TWIN AIMS OF STEADY INCOME PLUS CAPITAL APPRECIATION. THORNTON ORIENTAL INCOME TRUST

Thornton have already successfully launched six trusts aimed at long term capital growth. Now, investors who share Thornton's belief in the continuing opportunity in the Far East are invited to participate in the launch of a new trust.

The Oriental Income Trust is Thornton's first unit trust to have the twin aims of both capital appreciation and steady income. To achieve these aims, Thornton will invest primarily in readily-marketable securities, using the best possible distribution of both the resources within the markets and also the investment vehicles available to them.

It is Thornton's firm belief that a local presence, sensitive to emerging trends, is vital in providing the speed of reaction necessary not only to maximise opportunities, but also to protect investments. This belief is a guiding principle in the Thornton Group's management of a total of over £800 million of investment funds worldwide.

The last decade or so has seen significant shifts in world trade patterns from trans-Atlantic to trans-Pacific. This has been due to the combination of lower costs, well-educated and hard-working labour forces, innovative and entrepreneurial flair and largely pro-business governments.

However, gains from Far Eastern stock markets, especially Japan, have come from capital appreciation, and not income, since dividends in Japan, for example, are low. The dividend yield in the Tokyo stockmarket is only 0.5% compared with over 4% in, say, London.

In the last few years though, an increasing number of Japanese companies have issued Convertible Bonds, allowing investors access to capital appreciation of the underlying equity, while gaining income from the coupon of the bond. The bonds allow investors to convert into common shares at a predetermined price.

Warrant bonds allow the warrant holder the right to subscribe to a certain number of shares at a given price, rather like a long-term option, though issued by the company itself.

EXCELLENT OPPORTUNITIES FROM SAMURAI BONDS AND EURO-YEN BONDS. With yields of 6% and more being available, Japanese Government Bonds, Samurai Bonds and Euro-Yen Bonds offer an excellent risk/reward profile, while allowing investors to participate in a potent aspect of the economy of "Japan Inc."

Elsewhere in the region, dividend yields tend to be significantly higher than in Japan. Currently attractive yields are found in high-quality companies in Hong Kong, Singapore and in other Asian countries.

Since the economies of most of these countries are loosely pegged to the US Dollar, they are major beneficiaries of the problems of Yen strength for the Japanese economy.

THE CONSTRUCTION OF THE PORTFOLIO. Investors are reminded that the price of units and the income from them, can go down as well as up. With this in mind, Thornton has considered five major factors in the strategy for the new Oriental Income Trust.

- The optimum balance between the vehicles employed in achieving a high yield—straight bonds, convertible bonds, warrant bonds, high-yielding equities and cash.
- The selection of the best possible companies in whose instruments—common equity or equity-related debt—investors can appropriately participate.
- The technical selection of the best available instruments from the point of view of liquidity, parity, running yield and yield to maturity.
- The most appropriate balance of currency from the investor's point of view.
- The mitigation of risk by balancing exposure to equities and loan stocks.
- Thornton intends to use these vehicles as a means of protecting capital against a fall in the value of equities.
- Thornton's record of constant supervision and speedy and efficient communication of emerging trends from offices "on the spot" will, we feel, achieve high value-added returns and meet the twin aims of capital growth with steady income.
- Investors wishing to participate should complete the coupon below and return it to us, together with your cheque. The minimum investment is £500.

**GENERAL INFORMATION**

Units are dealt in daily and the prices and the yields are published in the Financial Times and the Times.

Contract notes will be issued within seven days and unit certificates within six weeks. If you sell your units, payment will normally be made within seven days of receipt of the redemption certificate.

An initial charge of 9% is included in the offer price of units (current maximum 9%). An annual charge of 1.5% plus VAT of the value of the Trust is deducted monthly from gross income (current maximum 9%). Redemption will be paid to authorised advisers by the Managers and rates are available on request.

The Trust makes two distributions a year. An interim distribution on 30th October and a final distribution on 31st March. The estimated gross starting yield is 7%.

Unless requested, Unitholders will receive accumulated units for which distributions will be re-invested directly in the Trust.

The latest offer price of units is 395p and this price will be valid each day until 10th October 1986. After the current fixed price offer closes units will be valued each day and units may be bought at the offer price until the day of receipt of the order.

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Please tick the box if you require income units in which case distributions will be paid to you.

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Full Forenames \_\_\_\_\_  
Address \_\_\_\_\_  
Postcode \_\_\_\_\_

Signature \_\_\_\_\_ Date \_\_\_\_\_  
Joint applicants should sign and give details separately. This offer is not open to residents of the Republic of Ireland nor US nationals or possessions.





TRAVEL • MOTORING •

Stuart Marshall tests some new cars from France

# Peugeot's flying flagship



UNVEILED at Paris show this week and due to be put before British buyers at the National Exhibition Centre, Birmingham, in two weeks, is Renault's 21 estate car. In France, it is known as the Nevada; we will call it the Savanna.

It is a particularly good-looking estate, with seats for

up to seven people, and follows quickly after the 21 saloon made its international debut in the spring. In Britain, two versions will be offered. Initially—the GTX, with a 123-horsepower two-litre petrol engine and the GTD with a 2.1-litre, 67-horsepower diesel.

Future variations on the Savanna theme will include a four-wheel drive version

which will fit in between the Subaru and Audi Avant 4x4 estates. Already, Renault is offering light commercial vehicle users a selectable four-wheel version of its Traffic van.

On show in Paris, and also due to reach the UK market in the very near future, are two Renault 21 diesels—the 21 GTD and an 88-horsepower Turbo D.

HIGH MILEAGE drivers in Europe go for turbo-diesels and those seeking a bit of luxury favour multi-cylinder engines. Peugeot has just introduced two new versions of the familiar 505—a 2.5-litre diesel and a 2.9-litre V6—to increase its share of the market.

The 505 V6, Peugeot's flagship now that the old 604 has been killed off, has an improved version of an engine already used by Volvo, Renault and Lancia. It looks the good solid bourgeois motor car. It has always been, but the specification now includes anti-lock brakes; electronically controlled, speed-sensitive power steering; and electric windows all round.

Driving it in France and Switzerland last week in the rotten weather that has been following me around all summer, I was impressed by its effortless cruising ability and sharply responsive handling. Peugeot's claimed 127 mph maximum seems reasonable.

When the 505 V6 reaches Britain in the near future it will cost about £17,500, which looks fairly ambitious. The 505 turbo-diesel will not be available here at least for the present, because the intercooler gets in the way of a right-hand drive steering column. This is a pity. I liked the diesel even more than the V6 because it was very long-legged on the motorway and as quiet as a petrol-engined car at the 80-85 mph at which most of us are content to cruise.

The 505 V6 rode well, as all Peugeots do, but the turbo-diesel was even better. Because the V6 has a top speed of close to 130 mph, it has H-rated 60 series tyres. They give it excellent handling but they thump more on bad roads than the slower (about 110 mph) turbo-diesel's narrower section, S-rated tyres.

I also tried two small Peugeots that will soon be on sale here. The 309 with a 1.9 litre diesel has a maximum of around 100 mph; and the latest 205GTI, with a 130-horsepower 1.9-litre petrol-injected engine, is good for 127 mph. The diesel was at its best at sensible speeds because it has been geared for flexibility.

In town, it pulled away from the lights like a salesman in a Sierra hurrying home on a Friday and hung on to fifth gear jerkily at 30 mph. On the motorway, though happy enough to hold 80 mph or so, it began to sound fussy when pushed harder.

The 205GTI 1.9 is a real little fyer, with the same kind of sporting appeal that a Mini Cooper 1275 had years ago. The ride is no longer so hard as it was in the original 205GTI and it is the sort of small car you could joyfully contemplate using for a long journey.

Peugeot has been doing well in Britain lately. The 309 (including the diesel) is being made at the rate of 1,250 a week in Coventry and left-hand drive versions are even being exported to Germany, Belgium and Holland.

Another variant being introduced is the 309 SR injection, a 120 mph five-door with a 115 horsepower GTI engine. The 205 GTI is a VW Golf GTI alternative. The 309 SR has a similar appeal to a fuel-injected VW Jetta.

## Motor Show changes

IN THE fortnight before our own Motor Show opens at Birmingham, announcements of changes and additions to makers' model ranges are coming thick and fast.

Opel has two special-edition Manta Exclusive two-door coupe and three-door hatchback cars, with fuel injected two-litre engines and high levels of equipment. Toyota has announced a T-Bar version of its delicious mid-engined MR2 sports two-seater with glass roof panels that lift off to please fresh-air fans.

Mazda's sparkling 323 Turbo 4x4 is now available at £10,999 in a rally version, £11,750 for

Bentley cars for 1987 will have fuel injection, anti-locking brakes and memory seats. A 30 per cent horsepower increase (to around 240 bhp) goes with improved petrol consumption.

On the all-wheel drive front, the on-off road Romanian Dacia is soon to be available with a Renault diesel engine. Mercedes-Benz will begin to offer its traction improving systems (including automatically engaged all-wheel drive) on 1987 models; and the new little Jutzy hatchback will join the Subaru collection of on-demand four-wheel drives.

Saab's long-awaited 900 Convertible and a special equipment version of the 9000, fitting between the Turbo and the 9000i, will make their debut at Birmingham. Rolls-Royce and



A SHOW-STOPPER at Paris this week is the Vignale Gilda, designed by Ford in the US with collaboration from its Italian styling associate, Ghia. The Gilda, like most of the concept cars Ford pulls out of its hat to catch the media's eye at international motor shows, is not intended for production. But one of its features that could well be incorporated in production cars of the near-future is a multi-beam headlamp system. This makes it possible to lower the front-end height significantly and

preserve a smooth line as the nose of the car sweeps into the body sides.

The Gilda has a conventional front engine/rear drive layout. Ford suggests that it shows the shape of the high performance, luxury touring car of the 1990s. The track is wide for stability and V-rated (130 mph and over) ultra-low profile tyres are used.

It is purely a two-seater with reasonable luggage space and the option of a hardtop roof with exceptional glass area, or a soft top that dis-

appears under a moulded cover when folded down.

Cadillac Division of General Motors announced a car not unlike the Gilda earlier this year. The Cadillac Allante has a 4.1-litre V8 engine powering the front wheels through a four-speed automatic transmission. The fully trimmed bodies, made in Turin by Pininfarina, are flown to Detroit where the mechanical components are fitted. Production of 7,500 cars per year is planned but it is doubtful that the Allente will ever be sold in Britain.

## Pompey and circumstance

WHEN asked where we should go on holidays this year, our five-year-old opted somewhat bafflingly for Portsmouth, a good place from which to leave for continental Europe, perhaps, but not usually thought of as a destination in its own right.

Being a democratic household, however, we decided on a two-week main holiday in Scandinavia — new to both parents — and a weekend break in Britain's premier naval town.

Major hotel chains are anxious to attract families at the weekends to replace the week's businessmen, and are putting considerable effort into catering for this market.

We chose the Crest Hotel at Portsmouth, partly because as an Automobile Association member you get a 10 per cent discount on the room rate, and partly because Holiday Inn, from which we had also requested details, failed — with untypical American lack of efficiency — to reply until days before we were due to leave.

Crest's approach comes as a complete culture shock to anyone reasonably used to staying in any of the large, generally interchangeable hotel chains to be found around the world. After checking in, families are welcomed by a hostess who acts as point of contact for the duration of the stay, and whose immediate task is to hand out armfuls of brochures on local attractions, discount vouchers and an invaluable activity pack

for children full of puzzles, felt tip pens, and badges.

If this is not enough to keep children amused, there is a well-equipped games room, and evening screenings of feature films. For those who really want to get away from their offspring there is a children's supper party on Saturday nights, and a baby-sitting service throughout the weekend.

As for Portsmouth itself (or Pompey as it's known to citizens and the sailors who serve there) it more than compounds any doubts about its ability to compete as a tourist centre. By 10 am a queue has already begun to form outside the Royal Naval Dockyard, which offers a variety of attractions.

The latest is the Mary Rose, Henry VIII's warship, recovered from the Solent after nearly 400 years and now on display in a covered hall where it is sprayed constantly with thousands of gallons of water to generate the 95 per cent humidity needed to prevent it from drying out and crumbling.

Nelson's flagship, Victory, remains as potent an attraction as the Mary Rose, her large size

coming as a surprise, as does the fact that she remains in regular use.

Though still in active use, the dockyard is now firmly in the tourist business. The ground floor space in several of its grandest warehouses now contains a naval museum, while the Mary Rose herself has a special museum in a Georgian timber boathouse displaying many of the 14,000 artefacts found on board the vessel.

A third major attraction will be The Warrior, Britain's first ironclad battleship, the design of which rendered obsolete all existing war vessels. A jetty is now being built for The Warrior, due to arrive in 1987.

Our first day's sightseeing was completed by a visit to Fortchester Castle, one of the most interesting of a large number of fortifications which dot the Portsmouth Harbour and Solent coastline, capture of which has always provided the key to conquest of southern England.

Fortchester has third century Roman walls, dating to its origins as a fort to defend the area from Saxon attacks. It was

## Beyond saunas

HELSINKI has long been a popular venue for summits. Indeed, the completion of the marble Finlandia Hall congress centre in 1976 cemented this reputation. But there is more to Finland than summits and saunas.

No summer cottage — and the majority of Finns own one — is complete without a well-equipped sauna (pronounced soona).

The more primitive log cabins are used by the younger generations. As the Finns progress toward middle age they start to put in mod cons. Wherever there is a stretch of water there will be a summer cottage with easy access for the post-broil plunge.

And Finland has plenty of water: vast expanses of lakes and rivers where passenger launch boats gently through unspoilt scenery and which are quiet enough not to disturb the birdlife. Indeed, a good way to arrive in Helsinki is

by water: Silja and Viking Line ferries operate a daily service from Stockholm.

In the long summer nights, and calm summer seas, it is a pleasing experience to leave the seemingly never-ending Stockholm archipelago at 6 pm, eat a superb smorgasbord, sleep in a comfortable cabin with its shower and loo, and arrive at Helsinki harbour at 9 am.

There is a thriving market right on the harbour's edge selling the traditional flowers, fruit and fish, and not-so-traditional jewellery and knick-knacks. The main shopping is done at the boutiques selling the sorts of design for which Finland has become famous and which is so conspicuously lacking in the rest of the city.

Two highspots worth visiting, however, are the Sibelius monument, the prize-winning work of a woman sculptor, Eila Hiltunen, impressively created from three tons of acid-resistant steel, and the circular Lutheran church carved out of a dome of rock. It manages to be surprisingly tranquil, light and airy.

A very good example of successful Finnish design can be seen at the Wallhalla restaurant on Suomenlinna, an island fortified in the 18th century. Easily reached by ferry, the island is now a suburb of Helsinki. The restaurant has been carved out of the fortifications and has superb brick arches, plenty of pale wood, wrought iron and glass, and bright blue linen. It is only open for the summer months, when a variety of mouth-watering open Finnish buffet is available for FM 140 (£19). Specialties at the end of the season are crayfish tails (FM 65) and Arctic cloudberries with home-made ice cream (FM 38).

Christine Burton



Finland's calm waters for the tourist

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## BRIDGE

TWO BOOKS by Terence Reese and Roger Trézel, Shares and Swindles in Bridge, and Those Extra Chances in Bridge, have recently been republished as a Master Bridge Series (Goldman paperback, £2.95). You will learn much from the excellent example hands presented by these distinguished authors. We start with deception:

N ♠ A E  
 W ♣ J 10 8 4  
 N ♠ 9 8 3  
 W ♣ 7 3 2  
 N ♠ Q J  
 W ♣ A Q 10 7

N ♠ A E  
 W ♣ 10 6 4 2  
 N ♠ 9 5 2  
 W ♣ J 9 3

N ♠ W E  
 ♠ J 10 8 6 3 ♠ 9 7 4  
 ♣ K 9 5 ♣ 7 3  
 ♢ 10 6 ♢ 8 5 4 3  
 ♣ A 7 2 ♣ K Q 5

N ♠ W E  
 ♠ K Q 2 ♠ 9 7 4  
 ♣ A Q J 5 ♣ 8 5 4 3  
 ♢ A Q 7 ♢ K Q 5  
 ♣ 10 6 4 ♣ 7 3 2

With both sides vulnerable South deals and opens with one trump, and North's raise to three no trumps concludes the auction. West leads the knave of spades. How should South play?

Suppose first that the declarer plays without guile, wins with dummy's ace, dropping the two from hand, and runs the rest of hearts. West takes with his king and having seen his partner's discouraging four of spades, realises that the club suit offers the only chance of defeating the contract, and switches to the ace of clubs. East encourages with the eight, and takes three more clubs to put declarer down. East need not hold four clubs to king and queen—he might hold four clubs to queen and ten and the ace of diamonds. That is enough.

Now let us be guided by Snare and Swindles. We win the lead with dummy's ace, dropping the queen from hand, and run the ten of hearts. West wins, but this time he mistakenly believes that his part-

## BRIDGE

and that South held king and queen alone.

So he leads another spade. The declarer takes with his king, and catches four diamonds and three hearts for extra tricks. Now for Those Extra Chances:

N ♠ W E  
 ♠ A 8 5 ♠ Q J 6 4 2  
 ♣ 8 7 3 2 ♣ 10 8 5  
 ♢ Q J ♢ K 8 7  
 ♣ A Q 10 7

N ♠ W E  
 ♠ K 9 5 ♠ Q J 6 4 2  
 ♣ A K ♣ 10 8 5  
 ♢ A 7 4 ♢ K 8 7  
 ♣ J 9 5 3

South deals at a love score, and opens with one diamond. North replies with two clubs. diarch insists on one heart—and the opener says two no trumps, a more constructive rebid than three clubs, and North raises to three no trumps.

West leads the queen of hearts, taken by the king, and South crosses to the ace of spades to dislodge the queen of diamonds. West wins; and seeing that his heart suit is dead, he switches to the ten of spades.

East overtakes with his knave to make sure of setting up his suit, and South is forced to win now or later. He leads the nine of clubs and runs it. East takes with his king; and defeats the contract with his spades.

“Where did South go wrong?” you ask. “He started on diamonds in the danger hand.” Quite so, but it was unwise—and unnecessary—to cross to the ace of spades. Why was declarer so mean? He was prepared to lose a diamond trick. Why not accept that, and lead a diamond from hand at trick two? West wins, but now a spade switch does no damage; the declarer can take the club finesse in perfect safety, and is assured of nine tricks. Anyhow, why take a futile finesse, which does not gain a trick?”

## CHESS

GARY KASPAROV's three successive losses in games 17-19 at the world title match in Leningrad brought the score back to 9-9; just as it seemed that Kasparov would easily keep his championship. However the K v K series finally ends, these defeats highlight the risks in match play of repeating a tactical opening variation with the black pieces.

Kasparov prepared the Grünfeld Defence 1 P-Q4, N-KB3; 2 P-QB4, P-KN3; 3 N-QB3, P-Q4 specially for this occasion as a surprise substitute for his usual Queen's Gambit Slav or King's Indian. The Grünfeld proved a trusty weapon at the London half of the match, and Anatoly Karpov's only success against it was in game five.

Kasparov continued to use the Grünfeld at Leningrad, but game 17 proved a turning point. Karpov unveiled a novelty so effective that his younger opponent was lost only three moves out of the books. In game 19, again with Black, Kasparov stuck to his Grünfeld and lost again.

Chess history has many previous examples of players who have adhered stubbornly to a dubious black defence after its results turned sour, and this week's two-in-one game is a good illustration. Spain's No 1 grandmaster lost badly to a West German at the 1982 Clare Benedict Cup for West European teams. He went home analysed, prepared an improvement, and waited his opportunity. The chance came six years later. Pomar sprung his novelty—and lost just as quickly as before.

White: W. Umteker (West Germany). Black: A. Pomar (Spain). Sicilian Defence (Clare Benedict 1981).

1 P-K4, P-QB4; 2 N-KB3, N-KB3; 3 P-K5, N-Q4; 4 N-B3, P-K3; 5 N-N, P-N; 6 P-Q4, P-Q3.

P-K3, P-Q3 or N-QB3. Here the best practical choice is the gambit 6... N-B3; 7 P-P, B-P; 8 Q-P, Q-N3.

7 B-N5 ch, N-B3; 8 O-O, B-K2; 9 P-B4, B-K2; 10 B-K2, Q-N3; 11 P-QR4, P-QR3.

Undeiker v. Pomar, Clare Benedict 1982, went 11...O-O; 12 P-R5, Q-B2; 13 K-P3, B-P; 14 Q-P2, B-K4; 15 P-R6, B-P; 16 P-P ch, K-N1; 17 P-R2, P-P; 18 Q-R4, B-B; 19 O-R4, B-R; 20 B-Q ch, K-R; 21 B-N, Resigns.

12 P-R5, Q-B2; 13 K-P3, Q-QP; 14 Q-P2, Q-Q1; 15 B-N ch, P-R; 16 N-K5, Q-B2; 17 Q-R4, R-QB1.

Black's optimism about “his” variation blinded him to its unsoundness. White is a pawn up with a good position.

18 P-P, B-P; 19 N-B4, O-O; 20 N-N6, Q-Q1; 21 B-B4, Q-N2; 22 P-QN4, B-K5; 23 K-R1, B-Q6; 24 Q-N3, B-QN4; 25 Q-Q1, B-R; 26 Q-R, P-N4.

A desperate counter: If instead R-Q1; 27 Q-R ch! mates. 27 N-Q7, Resigns. If P-B; 28 Q-N4 ch, K-R1; 29 N-R, B-N; 30 R-K3.

PROBLEM NO. 640

BLACK (1 man)



WHITE (18 men)

This offset diagram is the ultimate test of your skill in dispatching a helpless opponent with the fastest possible checkmate. The puzzle is simply to find the minimum number of moves it takes White (to play) to force mate.

Novices will do well to score a mate in 10, but a real expert should be able to find the exact minimum answer.

Solution Page XXX

Leonard Barden

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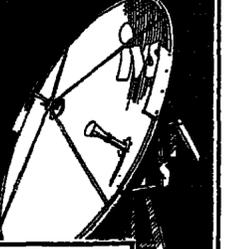
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# Off to the Algarve

Expatriates led the way; now developers are heading there, too, reports Ross Davies

TO THE question "How stands the property market in the Algarve?" Paul Norman responds cheerfully: "Booming."

Norman, of Chestertons Overseas, notes a high level of interest in the Algarve from British expatriates as well as from Hong Kong Chinese. Some—as yet unnamed—large UK developers are also looking at this southern tip of Portugal for the first time, he says.

"The Algarve has the same climate as many of its European competitors, is less spoilt and has all-year-round leisure and sporting facilities. It's a golfer's paradise," Norman adds.

He believes the boom has been helped by Portugal's accession to the EEC at the beginning of this year, which bolstered confidence battered by the revolution of the 1970s. But that alone would not have been enough.

"People feel a lot more confident than they did five years ago. There are more reputable builders operating there, and stricter building and planning regulations," he says.

The further west you go in the Algarve (away from the airport at Faro), the less-developed the coast. Chestertons is putting a good deal of hope in the Waterside Village on Luz Bay near Lagos, a development by its local affiliate, Alpart.

Two-bedroom apartments with a view over the bay are due to be completed by October 1987; they are now selling, pre-construction, at £22,500 complete with membership of the Luz Bay Club.

Back towards the airport, 20 minutes' drive away from Faro, Quinto do Lago is a 1,600-acre leisure and sporting development. One of its attractions is a 27-hole golf course, home to the Portuguese Open.

Jennie Findler, of the Salisbury-based Euro Property Advisers, is offering a selection of villas and apartments a Victory Village Club, a private development within Quinto do Lago, overlooking the golf

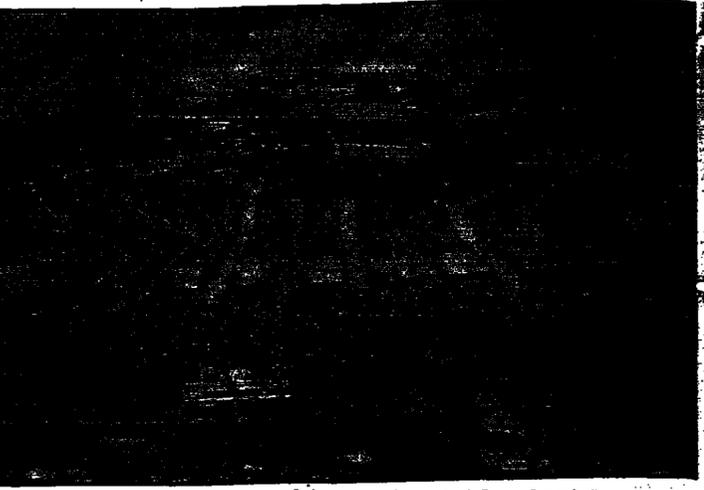
course. One-bedroom furnished apartments here start at £51,300, rising to £85,600 for two bedrooms. A two-bedroom villa would cost £111,800; £166,200 for four bedrooms.

"I see very realistic growth for a good five to 10 years," she says. "Looking back five years, most good properties have risen in value in the region of seven to 10 per cent a year."

There is a brisk market in resale villas and converted or unconverted farmhouses. Euro Property Advisers can offer an 11-room unrenovated farmhouse with almond, fig and olive trees—as well as electricity and well water—for £24,000. That is much the same price as a two-bedroom apartment on the coast at Waterside Village.

It depends, of course, on whether you want country living and the costs of modernisation, or a ready-made apartment.

Sheltered by the Monchique range from the Atlantic winds, warmed by the Gulf Stream, the Algarve is so Mediterranean in character that even regular visitors get their seas mixed up in describing the geography of the place.



Fun in the Algarve sun... water slides west of Faro airport.

The Algarve became increasingly, albeit quietly, popular with more discriminating holidaymakers, as well as retired people, at a time when the mass package tours began to make the Mediterranean resorts ever more garish.

The Newmarket-based Villa Owners Club is agent for the

Holiday Property Bond scheme, under which members invest in a portfolio of properties in the UK, mainland Spain, the Canaries and Cyprus—and now the Algarve, notably in villas and apartments such as the Senhorda Rocha development at Armacao de Pera and at Rocha Brava, near Carvoeiro.

There would seem to be no shortage of newcomers going to see the Algarve for themselves. If you would like to do so, the direct flight from London to Faro takes about 2¼ hours. TAP does midweek flights for £348 return as from November 1. The airline's Navigator Class ticket costs £426 return all year round.

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# Prices mark time

John Brennan on the agency chief who forecasts an autumn without increases

GEOFFREY van Cutsem, national director of Savills Residential, hides behind none of the usual delphic phrases in his prediction of house price movements in the autumn issue of the agency's magazine. "I forecast," he writes, "that prices will not go up this autumn because of the increased supply of properties now available on the market. Rather, they will continue to mark time and I would expect a small rise in price in 1987 in the order of 5 per cent."

He bases his case on the wages-to-prices ratio that has been moving steadily up towards a cyclical high for some months. Talking averages—somewhat dangerous but all one can do in the broad terms of the house prices generally—van Cutsem does not think we are in

for a real downturn. Instead, we will see "the market trading sideways while salary increases catch up with house-price inflation."

With average prices at 3.42 times earnings, we are still well below the near five-times level reached, briefly, at the peak of the 1973 house price surge. But Savills' sober view accords with that of most of the mortgage finance houses and with the private comments of most agents.

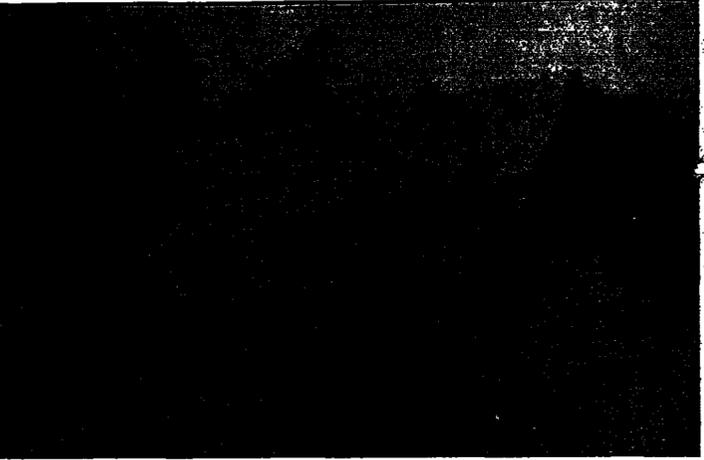
As for new house prices, rising site costs in the south-east are still the mainspring for increases that Robert Craigie, chairman of Bellway Homes' southern region, expect to run out at 12 to 15 per cent over the next year.

"Building costs are going ahead of inflation but the site costs can be 45 per cent of the total and up to 60 per cent on more expensive properties," he says. Bellway's buyers haunt the sales of British Rail land, local authorities' spare grounds, the cleared-out land banks of former state industries, old

hospital grounds, and whatever else they can find on the market.

Craigie himself is in favour of the green belt—"we couldn't have the ribbon development of the past"—but he believes something will have to give if enough houses are to be built in the south-east at prices first-time buyers can afford. As it is, he says, "we find that couples are buying apartments that would have sold to single people a few years ago."

So, the first-timers are trimming costs by trading down on scale, and still buying. A bottom price-range Bellway home would cost £40,000 to £45,000, depending on the site. Within that range, Craigie reports "a 35 per cent rise in the resale value after two years—and that's only an average." On other sites he has seen 50 and 70 per cent increases in the resale value of starter homes in a matter of a few years—as estates shed their early building site look and acquire shrubbery and rarity value.



**NEW COUNTRY houses** are rare but the five-bedroom Hamels at Bears Hill, Oxford (above) is under 10 years old because of a fire that destroyed the converted Hertfordshire stib barn that formed the

basis of a 1920s' house on the site. Richard Trueman-Eve at Savills (01-499 8644) is looking for offers on the house—which has 9.5 acres of grounds and a garden that was laid out by Sir Frederick Keeble, a former

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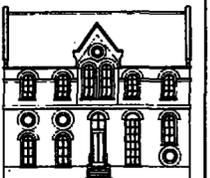
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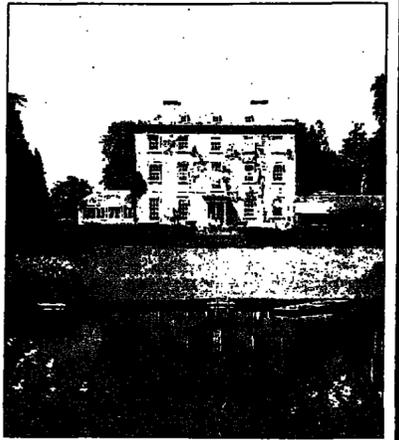
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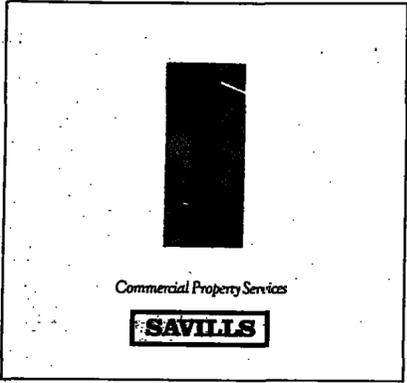
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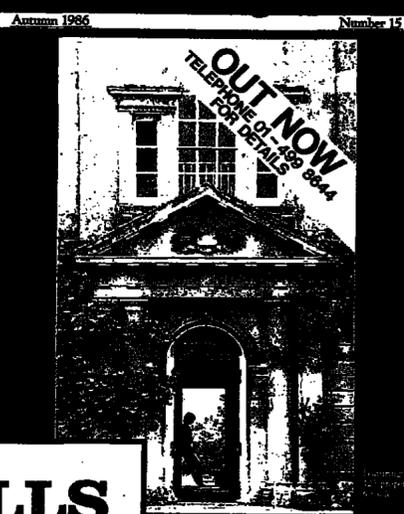
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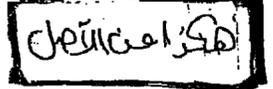
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# Franchising

THE franchising industry in the UK is at a crucial crossroads. Over the past year a number of problems have emerged which have raised some doubts about the effectiveness and potential of the franchise form of business operation.

One is the emergence of franchise brokers anxious to sell franchises seemingly at any price in order to earn commission. Another is the European Courts judgment this year on the exclusivity of a West German franchise operation.

There has also been the collapse of the Young's Franchise Group last year (subsequently acquired by Mr Cyril Spencer) as well as the trading problems faced by some of Young's La Mama franchisees.

The image of franchising has begun to look a little tarnished, and may serve as a warning to the thousands of would-be franchisees expected to attend the National Franchise Exhibition in London later this month. Franchising, far from being a safe-haven for redundancy payments or life savings, is a complex and competitive type of business as any other.

But even with the problems, a recent survey reveals that annual sales through franchising in the UK have topped £2bn for the first time. The survey, by Power Research Associates and sponsored by the National Westminster Bank, provides one of the most up-to-date reviews of the state of franchising.

But franchising is not a new concept in Britain. It can be

UK franchise sales have soared above £2bn but doubts are beginning to emerge about the sector's potential and expansion is now being tempered with caution.

## Caution tempers growth

traced back almost two centuries to when brewers first created the 'head-house' system to guarantee outlets. It developed in the UK this century mainly in the motor trade through franchised petrol stations, car dealers, and spare parts dealers, as well as in food retailing through groups such as Spar and VG.

But it is the second generation, business-format, franchises where most of the modern-day franchising growth is found. Basically, business-format franchising provides the means for companies (franchisors) to expand operations by using investment from individuals

(franchisees). Companies can expand their business rapidly by this means and also, in theory, recruit highly motivated managers to run these businesses.

In return, the franchisee gets the chance to run his or her own business making use of a proven name and system of operation. For this the franchisee pays a fee and usually an on-going royalty, and may have to buy stocks and other supplies from the franchisor.

According to the Power survey, about 440 business format franchise systems are now in operation. The average number of franchised units per system has risen to 45, making a total

number of 19,800 franchised units. With average annual sales of £113,000, this leads to the survey estimating the size of the market at some £2.2bn, an increase of 26 per cent over 1985.

The survey also estimates that about 148,000 are employed in franchising, 85 per cent more than the estimate in a similar survey last year.

The factors that have driven the growth of franchising in the 1980s have much to do with the changed economic and political climate. The recession of the early 1980s threw up more people with large redundancy payments to invest, and who decided, after losing their job, to

try instead to go it alone. Franchising seemed to offer a way of combining the independence of self-employment with the back-up of a proven business formula.

The Government has also increasingly recognised the crucial role that small businesses can play in the economy and has directed resources towards helping this sector to flourish.

Other market factors have helped the growth of franchising. The growth in popularity of fast food as a result of changing lifestyles, for instance, has helped stimulate demand for franchised food outlets, although the market remains highly competitive.

At the same time there has been a growth in demand for more service and convenience, typified by the emergence of new US-style convenience stores which meet a need for early and late shopping in neighbourhood areas.

Growth in franchising has also been spurred on by greater involvement of the banks and other financial institutions in providing not only funds but also specialist advice to help companies franchise their operations in the most effective way. The accountancy firm Arthur Young, for example, offers help to would-be franchisors in business planning, raising finance, training and finance, and design of accounting systems.

But this growth is now being tempered with caution. "It is wrong to suggest that Young's management means that franchising is at fault. It was more of a management problem than the concept of franchising itself that was wrong," he says.

Ironically, it was the Pronuptia franchise operations in West Germany which attracted the attention of the EEC earlier



Frontaprint's successful international printing franchise has been difficult to reproduce in other lines

to success through franchising either for franchisors eager to expand too quickly or for franchisees unsuited to the way of life or too impatient to research their investment."

Dramatic evidence of the need for this caution was shown last November: Young's Franchise Group, one of the longest-established franchise operations in the UK with its Pronuptia and Young's formal wear franchise, was forced into receivership with debts estimated at £3.75m.

One of the main reasons for this failure was the poor performance of Young's La Mama franchise, on providing maternity clothes, launched in late 1983. Management difficulties within the Young's operation were also a problem. The company was subsequently bought by Mr Cyril Spencer, a former chairman of the Burton Group, who has injected new management and capital into the group.

Mr Ian Neill, current chairman of the BFA, says it is wrong to suggest that Young's management means that franchising is at fault. "It was more of a management problem than the concept of franchising itself that was wrong," he says.

Ironically, it was the Pronuptia franchise operations in West Germany which attracted the attention of the EEC earlier

this year. A complex judgement from the European Court of Justice dealt with the legality of the restrictive franchise agreements under the competition laws of the Treaty of Rome.

Although the Court ruled that certain clauses in the agreements did not restrict competition, the European Commission is looking closely at other aspects of the judgement and at other agreements. This process is likely to take some time and therefore adds a degree of uncertainty to the growth of the franchise movement.

However, Mr Peter Sutherland, the commissioner in charge of competition policy, told a recent seminar that the commission took "a generally positive attitude to franchising agreements." He added that "provided always that the competition rules are respected, these agreements can stimulate economic activity throughout the Community, particularly by small and medium-sized enterprises."

Another problem that has emerged over the past year has been the growth of franchise broking—the system whereby franchisees are obtained for franchisors by third parties. "It is our policy to encourage the granting of franchises only at a responsible management level within the franchisor company," points out Mr Neill of the BFA. "We firmly believe

that franchises should not be sold as a commodity."

Since franchise brokers depend on obtaining commission from signing up new franchisees, the BFA is worried that this might lead to people unsuited to franchising being persuaded to invest in a franchise.

This concern has also led to well-established franchise consultants setting up their own Franchise Consultants Association to help improve standards and stop unethical franchise broking.

Mr Dick Crook, founder chairman of the new association, says that "franchising can cost people their life savings, and the franchise consultant has an obligation to the public to ensure that any franchise in which he is involved is properly set up and represents a genuine business opportunity in which the risk to the investor has been minimised."

In spite of all these problems, franchising still has an important role to play in the development of the small business sector in the UK. But unless the industry can raise its standards to protect franchisors and franchisees, then the Government is likely to take a tougher line and introduce statutory controls on the growth and development of franchising.

David Churchill



Millie's Cookies franchise operation has grown from £350,000 to a projected annual rate of £2.5m in five years

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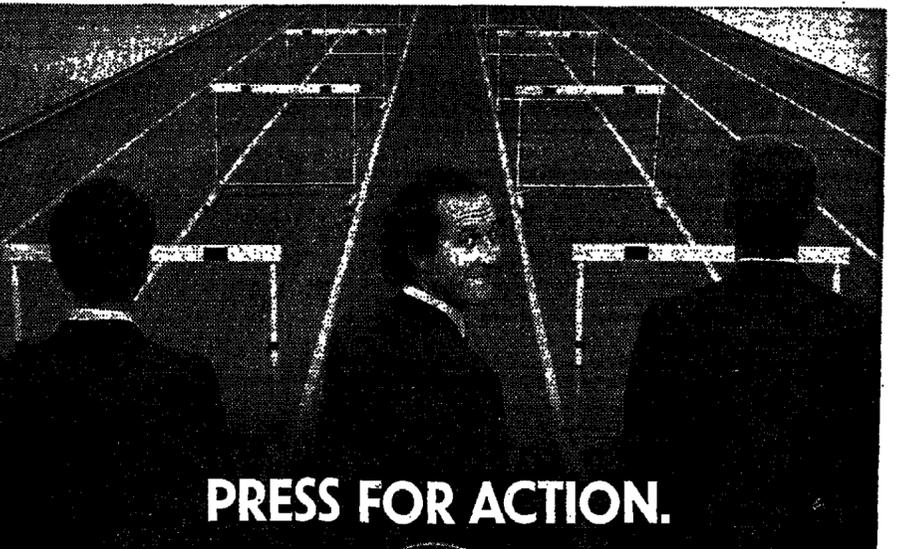
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Franchisors

# Cautious moves to clean up

SKETCHLEY, the dry cleaning retail chain, was in its 99th year as a company in 1984 when it decided to expand through franchising.

The company had two main objectives: first, to develop into the north of England, where Sketchley's presence is comparatively low; second, to attract highly motivated staff to work at its standards.

Sketchley so far has only six franchise operations in the UK and an experimental unit in Abu Dhabi. "We have started slowly and been especially selective with both franchisees and site selection," says Mr Keith Tywman, franchise manager.

"But we intend to step up our pace sharply over the coming months and will have increased our coverage several times by next spring."

Minimum investment needed for a Sketchley franchise is £25,000, which includes an initial franchise fee of £5,000. Total investment required is £77,000 and Sketchley assists potential franchisees with raising the balance.

"Projected turnover for a typical franchise outlet would be £86,000 for the first year, rising to £120,000 in the third year of operation," adds Mr Tywman.

Sketchley's path to franchising is typical of the reasons advanced by many other companies in sectors ranging from fast food through to convenience stores and drain cleaning.

However, as Mr Andy Pollock from the Arthur Young consultancy and management consultancy firm points out, "There is a widely held misconception that franchising is a route to get rich quick using other people's capital."

Franchising "is like any other business venture and needs to be planned, tested, and involves a great deal of invest-



Sketchley has set up six franchise operations as an experiment

ment both in time and money," he says.

When expanding by franchising, companies should realise that it is a new business venture and not just a continuation of an existing business.

"A company is moving from deriving the whole of its income from operating a business

to achieving an income from setting others up in business and providing them with ongoing assistance," he points out. "Therefore new skills will be required."

The franchise route does not always run smoothly. The classic case is the Wimpy fast-food chain which, after many years of franchising, felt that its market image was slipping. It was forced to buy back some key sites from franchisees and redevelop the concept as well as taking steps to improve standards of franchisees.

Other problems faced by franchisors include the franchisee feeling that his success is due more to his own efforts than that of the franchisor. This can lead to resentment, especially when there are on-going royalty payments.

Comments can also become a problem, leading to conflicting objectives and less willingness by franchisees to co-operate in the running and development of the system. Most of these problems arise from the franchisor not taking sufficient care in selecting franchisees.

This is a classic fault when a company starts franchising. It emphasises that franchisee selection should be a crucial stage of the franchise operation.

Early returns from franchising can also be lower than expected. "It is unlikely that a company, unless it is part of a larger group, will be able to finance the transition to franchising without external financing," Mr Pollock says.

There should be less trouble in raising finance from outside sources "if the business plan presented to a financial institution demonstrates a continuing market for the product or service, that the management has the necessary skills to achieve its aims, and that there is an acceptable return on the investment."

David Churchill

Franchisees

# Collapse leaves bitter memories

TWO YEARS ago Mrs Danielle Baillieu decided that she would like to run her own retail outlet but would prefer to do so under a franchise operation. It was a decision that has left Mrs Baillieu with debts of more than £50,000, including some £17,000 worth of life-savings invested by her mother-in-law.

"I feel very bitter about the whole affair," she says.

Mrs Baillieu and several other former La Mama franchisees, who prefer to remain anonymous, were victims of the collapse of the Young's Franchise Group last year (subsequently bought by Mr Cyril Spencer and now trading normally).

La Mama had been conceived by the former Young's management as a new retail franchise concept aimed at providing fashionable maternity wear as an alternative to chain-store fashions.

Mrs Baillieu had learnt about La Mama at the National Franchise Exhibition two years ago and, since she had some knowledge of the fashion business as well as a four-year-old child, felt that the concept was right for her.

She did not go into the franchise without doing her homework. The Young's Franchise Group, of which La Mama was part, was one of the best-known and most respected operations. Mr Edward Young, its former chairman, had been chairman of the British Franchise Association and was one of the gurus of UK franchising.

"I am fighting for the rights of small franchisees who get a raw deal."

La Mama had been accepted for membership by the BFA and both Barclays and the National Westminster banks were prepared to help franchisees with finance. Mrs Baillieu, therefore, went ahead with her investment.

But it soon became clear that everything was not as it should be. Stocks were either too fashionable or not available and the trading figures on which the franchise was based were over-optimistic.

Her problem mounted when the Young's group went into receivership and eventually she started a bitter wrangle with the new management about compensation. She is still fighting for what she sees as her rights although she has given up the La Mama franchise and renamed her shop Mother & Child.

She has put in stock she feels more appropriate to the location in Golders Green, north

London. "I feel I am fighting for the rights of small franchisees everywhere who get a raw deal from large companies," she says.

The new management at Young's is reviewing the La Mama operation but still believes it offers a good trading concept in the current splintering of high streets into closely-targeted retail outlets.

Mrs Baillieu is not alone in having her franchise dream soured by her experience with La Mama. Franchisees with other operations have also faced problems, such as Mrs Janice Davis, who has set up an association to represent the independents.

This follows the lack of progress by the BFA's plans for a separate grouping to represent franchisees.

The experience of Mrs Baillieu and others will not deter many people from taking up a franchise, however. The dream of running a business with many benefits of self-employment and escape from the frustrations of working for a large organisation, can prove irresistible.

Although there is no such person as a typical franchisee, new research from the Winchester-based Franchise Shop suggests that the average would-be franchisee is married with three children or less and a mortgage. Initial interest usually centres on a job-format franchise in the building and maintenance services industries, with the potential franchisee having up to £15,000 to invest.

A second choice franchise would be either fast-food or a health and beauty franchise.

There are significant regional variations in the UK, according to the Franchise Shop survey. In the Midlands, for example, a potential franchisee is likely to be older — up to 50 — and also a skilled manual worker with probably not more than £10,000 to invest.

London, the south-east and south-west attracts the strongest interest in franchising with the operator more likely to have been self-employed or a middle to senior manager.

What makes a good franchisee? "Franchising works for those who are prepared to live by the work ethic, as they do in the US," suggests Mr Peter Stern, franchise manager of the National Westminster Bank. "Over-optimism and the need to learn the basics of selling and time management are two important factors."

Yet part of the current problems with franchising stems from some mismanagement of attitudes between franchisees and franchisors. A report by Power Research Associates sug-

gests that "the growth plans of the systems (franchisors) are not universally shared by the owners of units (franchisees), who want steadiness and predictability. Many have no motivation or ability to sell."

Franchising is only one type of marketing procedure. "Most of the problems of those who chafe but from failures and inadequacies in other ways — chiefly in selling and in basic business expertise," the report says.

So what should be done to avoid choosing the wrong franchise?

- What will be the return on my investment?
- What services (such as site selection, training, and advertising) am I being offered by the franchisor?
- Are the current franchisees happy and expanding the number of units?
- Do the financial projections make sense?
- Is the initial fee more than 10 per cent of my total investment?
- Does the franchisor require more than the equivalent of 30 per cent of the gross profit?
- Do I have to buy equipment and supplies from the franchisor — and at competitive prices?
- What support will be provided?

There are never too many questions before starting a franchise. Those that ask the right ones and are honest with the answers invariably are the ones who make most success out of franchising.

You may come to realise that you are not cut out to run your own business and should not

David Churchill

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Sources of Finance

Banks are learning fast

ALTHOUGH IT is not quite so easy as filling in a credit card application, most would-be participants now have little need to look much further than their local bank manager for franchise finance.

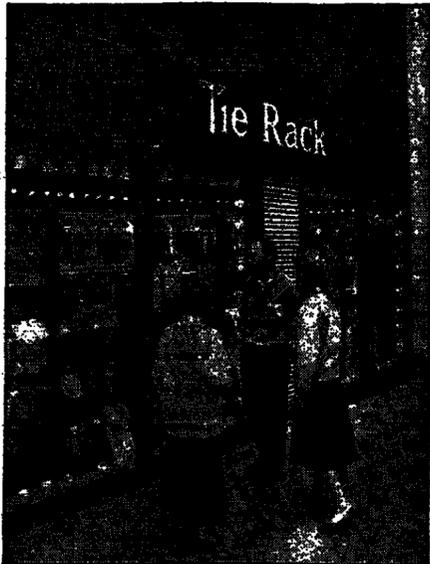
Estimates from the five main clearing banks put the total borrowings of business-format franchising at about £140m.

vision for the cost of "intangibles" in setting up—licences, legal expenses, stocking and fitting out, launch and advertising costs, working capital, and if it is a retail franchise, premiums on leaseholds.

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The willingness of the banks to lend over longer terms, on higher gearing ratios and at favourable rates of interest is a measure of how they see the degree of risk.

The banks have established individual joint lending schemes with some of the more established franchisors, offering a finance package to the franchisee.



The Tie Rack franchise in London's Fleet Street

resources and proven track record of the franchisor. From the franchisee they are looking for financial commitment and motivation, and a carefully prepared business plan with three-year financial forecasts which the franchisor will normally help with.

The banks fear, too, that many franchisors despite being well established in the market place, are still under- or wrongly capitalised.

The US Scene

From barbers to biscuits

THE US franchise business continues to outpace the growth of the economy, having spurred 9.2 per cent in 1985 to \$529bn, in spite of increasing saturation in such traditionally popular operations as fast foods, computer hardware and even the fairly new area of video cassette rentals.

doing business are too high. The latest area of service-based industries owes its start to the low cost of entry compared with established fast-food and car-repair franchises.

behind a bank loan in return for an equity stake in the business. Other financial institutions have begun to give franchise financing, including PruCapital, a division of Prudential Insurance.

While still the dominant form of franchise, representing 73 per cent of franchise sales in 1985, the number of franchises has gradually diminished, from 150,723 in 1984 to 133,241 in 1985.

Business format franchising, the second form of operation, entails a continuing two-way relationship beyond trademark and product supply, to quality-control, marketing and strategic direction from headquarters.

Already, franchising provides a third of US retail sales. Prof Modica expects franchisees to move to 40 per cent in 1990 and half of all retail sales by the turn of the century.

Frank Lipsius

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Colin Wilde. The growth of franchising, according to Mr Sam Ross, whose Fantastic Sam barber shop franchise has spawned more 1,000 units nationwide, reflects the decline of independent operators.

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DIVERSIONS

# Albs, anyone?

Low in price and rich in beauty, church robes are a bargain says Annalena McAfee

ECCLIASTICAL vestments have always occupied one of the distal, more obscure corners of the saleroom market. Buyers of the exquisitely embroidered chasubles (outer tunics), orphreys (cross-shaped panels) and albs (white under-tunics edged with lace) have been confined to specialist museums, textile and needlework historians, and the occasional clergyman with an interest in church heritage. Prices have remained commensurately low and represent, in terms of beauty, skill and historical value, one of the few real auction house bargains left.

At the top end of the market are the rare 15th-century Opus Anglicanum vestments; relics of the golden age of English embroidery. A remarkable example of this work comes up for sale on Tuesday at Christie's in South Kensington, London. "It's a very exciting find," says Susan Mayor, Christie's textiles, costumes and fans expert. The chasuble arrived inauspiciously at the auction house, brought in a suitcase by a man whose family had inherited several vestments.

It is exceptionally well-preserved, having been kept in darkness long enough to retain the vibrancy of its colours. Still-glinting sequins are scattered on a swathe of rich crimson velvet embroidered with seraphim and fleur-de-lys in blue, green and yellow silk and gold and silver thread. The figures of St John the Baptist, St Anthony the Great and St Margaret of Antioch are embroidered on the green velvet orphrey, which is also embellished with the coats of arms of Exeter, Ely, and possibly of the Abbot of Westminster. The chasuble is edged with finely wrought gold and silver lace, probably added in the 16th century.

For generations it was the property of the Roman Catholic Huddleston family of Sawston Hall, Cambridge, and might have been worn by St Edmund Campion, who is thought to have been brought up at Sawston. Now it is expected to fetch between £3,000 and £15,000.

At the lower end of the mar-

ket are the later vestments, often made of fine silks and brocades from gowns donated by grand benefactresses. These will fetch between £200 and £300, an almost derisory price in view of the quality of the fabric and needlework. Kerry Taylor, costumes and textiles expert at Sotheby's, recalls the recent sale for £250 of a pre-Raphaelite-inspired Victorian chasuble embroidered with raised faces and studded with gems. "It must have taken a year to make," she says, ruefully.

Often the vendors are Catholic priests, selling the vestments to raise money for parishes. "These days, vestments are much more simple," says Kerry Taylor. "When times are so very hard for many of their congregations, it would look flashy to wear something in gold, for example."

Only last week a priest turned up at Sotheby's offering a stunning brocade cloth of gold chasuble embellished with massed ranks of angels. The chasuble is expected to raise £300 towards the repair of the roof of his church in north Wales.

It's criminal, one's almost ashamed to give so low an estimate on something of such obvious quality," says Miss Taylor. But she adds the hard fact is that "anything with a Christian connotation is now, I'm afraid, bad news commercially." To illustrate her point, she cites the sale of two equally fine mid-17th-century embroidered Old Testament pictures. One, an ostensibly secular scene, went for £4,000, and the other, more obviously biblical, sold for £1,000.

However, there are signs that the market might be opening up. Anne-Marie Benson of Phillips reports that some of fashion's *jeunesse doree* are buying up vestments to use the fabric for their own clothing designs. Or rather alarmingly, "Some are even wearing them as they are," Kerry Taylor adds. "As interior design pieces they have great potential. They're large and rather extraordinary."

There are, though, still those who feel uncomfortable about the use of religious artefacts in secular settings. Ironically, if this respectful attitude prevails, these splendid objects will be fetched to further obscurity—and several church roofs will fall into further disrepair.



The rare chasuble to be sold at Christie's.

BOOK COLLECTORS are familiar with Peter Eaton's bookshop at 80 Holland Park Avenue, West London. It has a large general stock in the shop itself, a basement full of cheaper items, and a room upstairs where nothing costs less than £30.

Many of the books are sieved from Lilles, a small country house in Buckinghamshire. Lilles has 20 rooms full of books arranged by subject. There are said to be about 600,000 with a thousand arrivals and departures every week.

The quality, it has to be admitted, is mixed, secondhand rather than antiquarian. Lilles is more for the gourmand than the gourmet. But the prices are not high and many of the volumes have been on the shelves since before decimalisation.

The building is an example of a favourite type of Victorian domestic architecture. When the old manor house was burned down in 1860 it was decided to combine ancient and modern. Lilles was rebuilt in a vernacular style reminiscent of the local cottages. The rambling and the irregularities are intended to give the impression that it grew organically over the centuries instead of being thrown up with impressive speed in less than a year.

Stained glass gives an ecclesiastical touch reminiscent of the monastery which stood on the site in the 12th century. At the same time no amenity was neglected. A gasworks was built in the grounds to provide proper lighting in the

## Bucks and books

house and along the carriage-way.

The family which used to own Lilles were noted antiquaries. Peter Eaton has carried on the tradition. The house is crammed with cases containing ammonites, Aztec remains, Egyptian grave objects, title deeds with royal signatures, literary autographs, playing cards, old typewriters, old matchboxes and King George VI's rationbook.

There are said to be 800 pictures on the walls including a number of pre-Raphaelite originals and some nostalgic wartime posters.

Cromwell planned his assault on Oxford from the grounds, giving special instructions to the troops to spare the libraries. But the new house also has its history. In 1944 it was used by the Czechoslovak Government-in-exile as a training centre for the resistance. The billiard room with its soundproofed door was specially favoured by President Beneš. Later it was a hospital. When purchased by Eaton and his wife in 1969 the roof was falling in but there were 20 bedrooms and 30 toilets in working order.

The gardens are also interesting. In the 19th century, Lord Nugent, who had been

"DON'T you feel queasy about digging up dead people?" I am often asked. No, I do not. The dead I dig up are 3,000 years old, and just bones. But the newspapers' report of a possible live smallpox virus in a fairly recent body did give pause. Just what was found? It is hard to see how bones could be a threat, but with tissue, which we do not normally find disease might perhaps survive. Post-exhumation study will need sterile conditions. It would be silly to be struck now by dead illness.

A visit to *A Vision of History: the Wellcome Institute for the History of Medicine* at the Institute (183 Euston Road, London NW1; until April 13) set off these thoughts. The exhibition, in honour of the 50th anniversary of the Wellcome Trust, is of books, documents and pictures, of which the institute has a remarkable collection. It is a lively—and not queasy-making—display of a lively research institute, which has been blessed with enough money to work to the highest standards with all needs supplied, a fine library and an impressive list of publications.

What a history of mankind is to be written through the history of medicine. Whether the evidence is found from digs or medical literature and records, from the ancient world till today—and tomorrow as new drugs excite share prices—it is all immediate, fascinating and sometimes painful. Lawrence Angel, the physical anthropologist at the Smithsonian Institution, could be heard growling in sympathy as he studied the curious and abscessed teeth of the 2nd millennium BC inhabitants of Lerna in Greece.

Those poor people also had arthritis, especially in the neck, looking like the results of whiplash injuries from car accidents. How did the jolting happen? Were they wearing heavy helmets? Or running with heavy objects, jars of water being the most obvious? We do not know the cause yet.

The Lernaean lived near a marsh where the *Anopheles* mosquito bred. So they also suffered from malaria, which is one of man's oldest and most fatal diseases. Angel found porous growths on the bones (porotic hyperostosis) resulting from it. Other afflictions included dysentery, probably

Gerald Cadogan sees a display of medical milestones

# Putting flesh on the old bones of history



St Elizabeth attending the sick: an oil on copper by Adam Elsheimer (c.1598) on show at the Wellcome exhibition

hookworm, and tetanus. There was no evidence in the bones for tuberculosis, syphilis or definite cancer.

The Wellcome exhibition has enough curios and milestones of medical history to excite anybody. Louis Pasteur reports on partial heat sterilisation

("pasteurising") to 55-60 C to prevent the souring of wine. There is an invitation to Isaac Newton's funeral (Westminster Abbey, March 28, 1727), and William Harvey's book of 1628 demonstrating the circulation of the blood is open at drawings to show that the valves in the

veins in the arms allow blood to flow one way only. 16th century anatomical books, with body drawings with superimposed flaps to show the internal organs, are the precursors of today's pop-up books. Anonymous letters of the 1920s to Marie Stopes either tell her

To sleep, perchance to dream? Robin Lane Fox muses on mulberries

# Some revelations from Ephesus

THIS IS a romantic piece for a romantic moment which I enjoyed last week in Turkey. Like most romances, it might have been seen through half-focused eyes. Perhaps there were blots on the landscape; boardings or dust from the bulldozers which occupy so many towns on the Aegean Sea. If there were, I did not notice them: It was mid-afternoon and the heat had hovered round the little town of Selcuk, hard by the ruins of ancient Ephesus.

Outside the city's walls, I had been examining caves in search of Christian legend. In the year AD 250 the Roman emperor ordered his subjects to pay homage to the local pagan gods. Many Christians refused, and in Ephesus there must have been some martyrs. Legend has it that seven young Christians fled from the persecution and took refuge in a nearby cave. Angry pagans walled them up inside, whereupon they fell asleep and only awoke two centuries later, when the Roman emperor was safely Christian.

The legend grew and the sleepers became famous, Mohammad's Arabians heard about them and the sleepers

turn up in the Koran. How many sleepers there were, Mohammad was not sure; but he did know that they had been the best dog with them: it slept with its paws outstretched at the entrance to the cave. Some in Arabia believed there were only three men holed up in the grotto, but no one claimed the dog's name was Montmorency.

Naturally, the cave was soon on show to visitors. Indeed, it still is, hidden behind the fig trees and pomegranates where the Turkish ladies collect fruit in their head-scarves and there is a charming variety of wild dainties. I had already fruitlessly checked the cave for paw marks and ancient sleeping pills. Its floor is pitted with holes where Christians had arranged to be buried as near as possible to the seven sleepers, but the sarcophagi have been hacked open and plundered.

This, then, was my romantic visit, "shorted" as in the Seven Sleepers den," as John Donne put it. I wandered out feeling quite pleased that none of the tourist buses bothered to discover this holy site. As the road to Selcuk reappeared, I



found myself looking down a long, green avenue. Leaf and trunk suited neither lime nor plane trees but then I saw the fruit. It had been squashed, to a pinkish white on the pave-

ment; the avenue was of mulberries. Just a few weeks ago a reader had written to ask how to propagate his black mulberry tree, Oxford, like Selcuk, has

to go back home, or begin "Hall Marie, Saviour of the Human Race."

The 20th-century collections show true breadth, ranging from Lord Moran to the Voluntary Euthanasia Society. In the 19th century we go from a cartoon of "the Right Honorable Mr Infusany," dressed as a Frenchman and being thanked by the doctors for the chance (in the epidemic of 1868) to promote their favourite cures, to the 1890-81 case book of the Holloway Sanatorium for the Insane, Virginia Water, open at histories of certified women with their photographs. It times have changed there, the rows of resigned people on benches in 1912 in the Victorian hall of the outpatient waiting room of the Great Northern Central Hospital, Holloway Road, could almost be the local health centre.

Though the Spaniards had made an excellent start to the south, North American medicine in the form of hospitals and medical schools hardly entered till the mid-18th century. Even then George Washington ordered medicines every year from London, such as laudanum, tincture of myrrh, rhubarb and sal volatile, and some preparations whose ingredients were in fact American. At the end of the 18th century came books on slave medicine in the Caribbean, and only in 1820 the first American recipe book for drugs, *The Pharmacopoeia of the United States of America*.

Archaeology complements these texts, since we can use modern analyses to put new life in old bones and learn about health, diet and pathology for the infinite number of people, alive and dead, for whom we have no medical records. There will be few chances so rich in evidence as our first fleshy Briton, Lindow Man, now to be met at the British Museum. But the steady accumulation of bone information like that from *Lerna*, and from excavations all over the world will mean a much more intimate knowledge of how life used to be and of the real, everyday conditions in which the great events of history happened.

It is easy in the West to take present life expectancy as having always been the same. But among the many skeletons I have dug I do not think there has been anybody over 45 years old, and most were much younger.



FOOD FOR THOUGHT

## Stand up for your bites

Peter Fort on the trend to business lunches where those present are actually expected to work

THE BUSINESS lunch, they say, is in decline. Businessmen no longer take each other out as a matter of course for expensive three-hour bouts in restaurants, emerging purple-faced to the office to resume hands-on management with more confidence than sureness of touch.

What do they do instead? It is called the working lunch. It goes on just as long, but it is held in a conference room and the table groans with schedules and computer print-outs, around which the food has to be tucked. The other day, there was an item on the news about Commonwealth leaders having a "working lunch" to hammer out a policy on something or other. I was in a row down one side of a long table, like a Lord Mayor's banquet, nobody able to speak to anyone except his immediate neighbour and no room even for an agenda among the knives and forks and twinkling crystal. That is not a working lunch at all.

When I was a director's chef, I used to do a lot of working lunches. "Don't worry," they'd say, "it's only a working lunch"—meaning, periphrasis: "We expect neither to notice nor to enjoy the food." But when you give up the pleasures of choice and sense of occasion that restaurants provide for your pleasure, must you forget about pleasure and food altogether?

Many will say that the best answer has existed for centuries in the form of the sandwich (designed originally for the card-table, was it not?) which takes up no room, has a good balance of nutrients, and leaves nothing but crumbs on your fingers as you handle the paperwork.

A plate of mixed sandwiches for eight is a mighty thing to put among the schedules. And there is something about sandwiches for lunch that goes with bottles of lukewarm light ale leaving their beery rings over everything.

At the risk of making the Danes gloomy, it must be said that their sandwiches have a drawback: the bits of mayonnaise, prawns and slices of gherkin are incompatible with paperwork and insinuate themselves everywhere. A friend, often bidden to working lunches with his public relations consultancy, used to grumble: "I don't know what they want to talk about but there's bound to be mayonnaise on the agenda."

The rule (unless you are alone) should be to take a bread break and put the paper down—or, better still, walk away from it for the 20 minutes or so it takes to eat. By all means drink yourself silly at a table loaded with paper, but if you cannot change rooms to eat (and that is not really a working lunch), then eat standing up. It may seem distasteful but that is what keeps mayonnaise off the agenda, cardboard out of the sandwiches, and facilitates circulation, lobbying and the first-hand exchange of acrimony.

This means buffet food, on plates but with no knives. Forks, then, or fingers? This is a matter of personal style and hygiene, since roughly anything you can eat with one you can eat with the other. Knives, of course, are a different game—they open up the food options, but you can't use a knife standing up unless you eat off the masterpiece.

So, we are standing up and the food options range from what caterers call "finger-food" to any kind of fork food, from scrambled eggs to cassoulet. No, don't have cassoulet for a working lunch, unless you can handle the whole situation. "I can't do a decent afternoon's work unless I've had my cassoulet," might sound impressive but can you go through with it into the afternoon?

There is beautiful food meant for the fingers—Arab, Near Eastern, shading into the Indian. I am not suggesting a whole menu of finger-food, but things like kibbeh and felafel may be just right and they do not necessarily make the conference room smell like the souk of Tangier. They are in a way intellectually stimu-

Arthur Hellyer explains why you should go soft on fruit

## Give your garden the raspberry

'They need little or no spraying, routine weeding, and generous feeding once a year'

RASPBERRIES are the most satisfactory soft fruits to grow in small gardens. Unlike strawberries, which need to be renewed every second or third year, raspberries have a long life, give an exceedingly economic crop and are one of the best fruits for freezing.

The raspberries should be purchased as well-rooted stems, called canes, which are guaranteed as from virus-free stock. Anytime from October to March the canes can be planted 15 inches apart with at least five feet between rows for easy working.

Raspberry canes need to be tied, more for neatness than for support. Tied to wires, strained horizontally between posts, they can make useful screens for unsightly objects such as rubbish heaps and waste bins. Raspberries need to be pruned annually but this is a rule-of-thumb affair which can be mastered in a few minutes. They require little or no spraying, routine weeding, generous feeding each year in February or March and protection of the ripening fruits from birds is best done by netting the canes. Raspberries like a moist, but



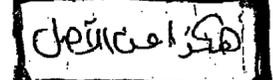
usually by the end of August, but the autumn-fruiting varieties are not pruned until the following February. The method is the same, with all the old canes being cut out to within a few inches of the soil. The autumn-fruiting canes can be pruned in a clean sweep. With the summer fruiting raspberries, however, the new canes for next season's cropping, plump with fresh green foliage, will already be there amongst the old canes which are turning brown, the leaves yellowing and with the old fruit stems still attached. Gardeners might become more aware of autumn-fruiting raspberries as they have much to commend them. They are not commercially grown and rarely appear in the shops but it is nice to be able to pick one's own fresh raspberries in season.

Some excellent new varieties have been appearing recently which crop much more heavily and reliably than the old. Two of the best are Autumn Bliss, available from Dobies of Llangollen, and Zeva. Ken Muir of Honeyport Farm near Clacton-on-Sea, describes Zeva as perpetual-fruiting, which is an exaggeration, but like other autumn-fruiting kinds it will give a second crop in June if the old canes are not cut out in February. However, retaining the old stems for so long is likely to weaken the new

crop. If both summer and autumn crops are required it makes more sense to plant two varieties, one for each season, and prune each as described earlier.

Until recently Malling Jewel was the most popular commercial growers' choice of summer-fruiting raspberry, but others are now challenging it. Other first class varieties are Malling Orion, Glen Cora and Leo. The latter is quite a new raspberry which ripens towards the end of July and early August, so linking with the autumn kinds. Some exciting happenings in raspberry breeding are due to the introduction of useful genes from other related species of rubus.

A handsome North American plant, *R. spectabilis*, is much planted in gardens for its big magenta flowers; *R. occidentalis* one of the "whitewash" brambles, so called because of their white stems. The former can give earlier ripening and the latter resistance to greenflies but the work involved in isolating the few genes required is considerable. I recently heard a geneticist working on these problems remark that what was rubbish to the grower was the apple of her eye, since it contained the qualities she was trying to introduce. Some of the results of this work are already on commercial trial



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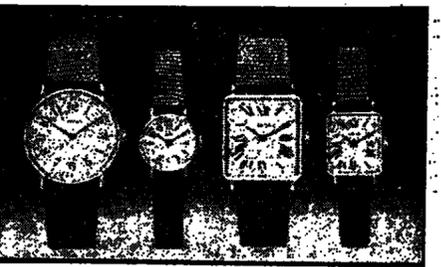
DIVERSIONS

A tempting taste of Tiffany's



ABOVE: The Nino Cerruti look for next spring—double-breasted navy blue suit in wool and silk

BELOW: A selection of Tiffany's Classic watches with Arabic or Roman numerals



THE STOCK MARKET may be having an attack of the jitters but if the spate of new shows opening up in London in recent weeks is anything to go by, retailers still seem to believe that, given the right products, people will spend, spend, spend.

Tiffany opened a couple of weeks ago at 25 Old Bond Street, London, W1, after an absence of some 40 years, with a splendid breakfast (what else?), plenty of champagne and attendant socialites to toast it on its way.

If you're wondering what all the fuss is about and think Tiffany is just for international spenders with limitless bank accounts, you might be pleasantly surprised. There are, of course, plenty of delectable temptations for the high-rollers but there's quite a lot for you and me as well.

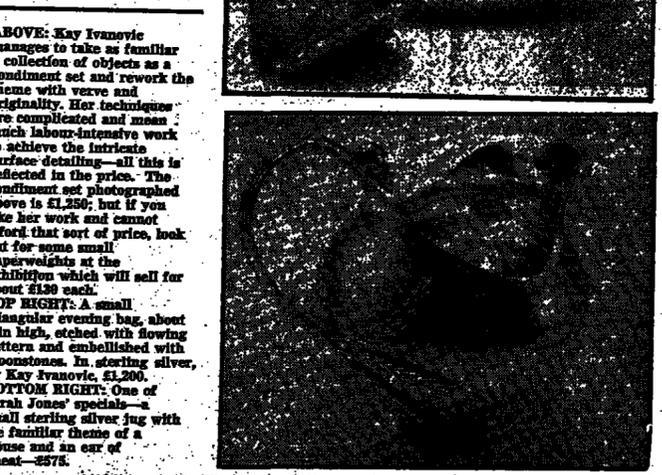
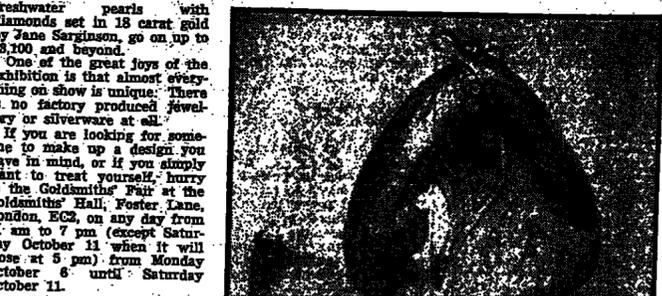
Many a traveller to New York has headed straight for Tiffany's 5th Avenue, to buy its inimitable silver pens, watches, money-clips, and small accessories, many of which come at prices no higher than anywhere else but often with just that extra little bit of individuality and in those instantly recognisable little turquoise boxes with the white satin ribbon.

Of course, Tiffany has some rather more expensive specials. The selection of watches, for instance (some of which are shown on this page), starts at £400.

Cerruti has always been a name that has stood for a certain elegance—it may not have been very accessible elegance in that prices were often far from pleasing (though not outrageous) but it was nice to know it was there just in case we got lucky. More people will probably now be hoping they get lucky for Nino Cerruti has just opened his own shop at 78 New Bond Street. Here, in an interior designed by Vico Magistretti, men and women will be able to buy the complete Cerruti look. Usually better known for his menswear he also produces immaculate tailoring for women (I remember well the year every fashion editor in town seemed to own a navy-blue Cerruti blazer).

Coloroll opened its furnishing store on Thursday, cheekily close to Laura Ashley'semporium (reputed to be one of the most successful Laura Ashley's in the world) at number 156 Regent Street to be precise. It's early days yet but it sounds

like a welcome addition to the furnishing scene. Coloroll, as most readers will know by now, has for some time now been expanding its range of household furnishings—it started with wallpapers, moved onto fabrics and curtains and into bedding, table cloths, tray cloths, and a host of other soft furnishings as well. The real plus, it sounds to me, is that besides its own ranges, it will be putting together complete "looks" using whichever other merchandise best fits the purpose. If it needs a fine Keilm to give the room an authentic, stylish feel, then a fine Keilm it will add—and you, if you so wish, will be able to buy it, too. The "looks" will be set out for all to see and range from the seductive-sounding Romantic (all festoon blinds, four-poster beds and lashings of white and cream) to Ethnic (where you will find that Keilm), taking in Country Cottage, Progressive (black, white, gunmetal, chrome et al), Classic and Contemporary Pastel along the way.



ABOVE: Kay Ivanovic manages to take as familiar a collection of objects as a condiment set and rework the theme with verve and originality. Her techniques are complicated and mean much labour-intensive work to achieve the intricate surface detailing—all this is reflected in the price. The condiment set photographed above is £1,250, but if you like her work and cannot afford that sort of price, look out for some small paperweights at the exhibition which will sell for about £130 each. TOP RIGHT: A small triangular evening bag, about 4 in high, etched with flowing patterns and embellished with moonstones. In sterling silver, by Kay Ivanovic, £1,200. BOTTOM RIGHT: One of Sarah Jones' specials—a small sterling silver jug with the familiar theme of a mouse and an ear of wheat—£375.

Gem of a show

NEXT WEEK brings a marvellous chance to see and buy a wide selection of contemporary jewellery and silver. Whether your tastes run to the sleek and understated, to the funky and bizarre, to minimalist exercises in titanium and refractory metals or to variations on a theme of pearls and gold, you ought to be able to find something in the great big exhibition starting at Goldsmiths' Hall in the City of London on Monday.

It is some years ago now since the Worshipful Company of Goldsmiths hit on the idea of providing a marketplace in which craft workers could meet their public and the public could see and buy their wares. In those days they called it Loot.

Loot became an immensely popular institution with many a City worker seeing it as a chance to do some early Christmas shopping, to meet out a craftsman or woman who might be just the person to make up something individual to commemorate a special anniversary or to buy something just for themselves.

So Loot became a fixed point on the autumnal calendar. Today, it isn't called Loot (The Goldsmiths' Fair is its new label) and it seems to have moved rather upmarket but is still one of the best ways of seeing a broad cross-section of the work of young silversmiths. Some of it is quite exquisite—particularly like the work of Kay Ivanovic, a young American whose work is new to me but which seems to me beautifully made as well as original.

Know your body



BEAUTY AND THE MALE

Nicky Smith on the new ways in which people are viewing their lifestyles

"HE LIKES sport, she likes the outdoors. They both like to be active in their leisure time. They jog, exercise, walk, gallop, even garden, purely for the fun of physical exercise."

We are in the leisureed eighties, with more time it seems to frolic, lead an "active lifestyle" and wash, than ever before. The ideal couple probably share the shampoo and shower gel, the soap and the non-alcoholic deodorant stick which comprise both body care. When they are together, sunbathing or even gardening, they wallow in a combination of oak moss, mint and tropical fruits.

The bath and body care ranges are coming thick and fast and men, it seems, are taking to them like ducks to water. Body awareness is what it's all about. Although the playing fields of England have ensured that many an English male knows the importance of exercise, it is only in recent years that he has begun to think that beer and pickles may not be the ideal diet. Flora may be here. Smooth and hairless. A smallish chap who has obviously never stamped over a desk in his young life and who knows, for example, that a prime cause of diverticulosis is the lack of fibre in the refined western diet.

energetic, alert and lively all the time. It is important to apply common sense to maintaining oneself in good health.

Endless diet plans, fitness routines and lifestyle stories later, it seems worth reconsidering these few words of wisdom. The Americans, who to paraphrase Pierre D'Amico, have never left anything to chance since their first discovery of their country, now seem unwilling to leave dying to chance. If the energy-radiating health and fitness books that pour out of the country are anything to judge by, then the idea is to go on jogging and eating lentils indefinitely. Success is rated by your ability to feel energetic, alert, lively, CONSTANTLY. If you don't, you obviously need a vitamin or a mineral supplement or there's something wrong with your inner consciousness.

Nobody would deny (least of all our grandparents) that sensible nutrition is a key factor in health. But good diet doesn't happen overnight and changing your eating patterns, to lose weight and to improve well-being, takes time. The variability of the foods available adds to the problem.

The high priests and priestesses of the health cult may be innocent enough in their advice to eat this or do that but too often they offer panaceas for a host of ailments. In her book The Wright Diet (Judy Platkus, London 1984) Celia Wright, who started the Green Farm Nutrition Centre with her husband in 1979, to pioneer the "new nutrition" in Britain, emphasises the point that no one diet is right for everyone. She advises you to get to know your body better, to be aware of the signals it gives which tell you what it needs and what it doesn't.

Olga Polizzi is transforming THF: Louise Nicholson meets her

A lady with designs

"THERE'S NO design management training in England that's any good," said Olga Polizzi, eldest daughter of Lord Forte and director of design and decor for Trusthouse Forte since 1980. "You've either got it or you haven't."

With some justification, she reckons that she has. In the past, the prospect of staying in a THF hotel has been grim: boring decor, bad food, dreary atmosphere—a depressing experience best avoided. Once delightful provincial hotels like the Green Dragon at Hereford have fallen victim to THF institutional blandness. But Mrs Polizzi is out to change all that.

Each year she and her design team of five refurbish about 5,000 bedrooms in the group's 940 or so hotels throughout the world, ranging from the luxurious Georges V in Paris to the more practical Regent Palace in London. Sometimes it is total refurbishment, as at the Rascals' Marina overlooking St Andrews' golf course. Sometimes it involves launching a new concept, as with the string of simple Little Chef lodges or the defiantly modern Post House at Milton Keynes. Whatever the scale, each penny spent must soon come home to roost on the hotel's profit and lost sheets.

From her office in London's Grosvenor House Hotel Mrs Polizzi continued to explain her design philosophy. "You have to believe in your own taste," she said. "And you have to learn fast"—which she did, almost from a standing start.



Olga Polizzi... "you have to believe in your own taste"

THF scheme. She is responsible for company design policy, for new hotels, for refurbishment, maintenance and, increasingly, conservation of old properties. To criticisms that hers was a dynamic appointment she replies: "When you are brought up with the firm all around you, it is like one's own family, so you care more. You work harder." Far from being handed a job for the girls, Mrs Polizzi seems better equipped than most to reverse the British dismissal of "Trusthouse Forte motorway style." "We have been growing and growing. Now we are consolidating. It will take a couple of years more," she says, "but I think we are winning."

The magazine, Country Life, bastion of good architectural taste, recently praised the restoration and refurbishment of the Madrid Ritz. "When we took it over, British people rang me up to say 'do not ruin the Ritz.' But our image abroad is already very good. The Swiss bankers came to us to ask us to take over the Hotel des Bergues in Geneva, and they have plenty of their own hotels."

her she was to join the THF board, she had doubts. "But it is important to know what is going on and whether my work increases the profits. The Madrid Ritz is already making money. I pushed for lots to be spent on the Sherbourne in Dublin, which I love, and now that is making money, too."

Mrs Polizzi is responsible for design and their strict cost control. Behind the open Italian smile, she is practical and tough. She drives a hard bargain with suppliers. "If the product is roughly the same, I buy British. British fabrics are now very good. We would like to buy all British, but you cannot spoonfeed."

"If a wallpaper salesman arrives with no ideas, there is not time to teach him. And no one can do furniture of quality for the price I can get in Italy or Germany."

St Andrews' is really a Polizzi success story. When THF bought it in November 1983, it was "worse than our worst, and some of our worst." In January, after a basic costing, the 22m, 17-week refurbishment began. "Drawings went straight from the office to be interpreted on site, where we were spending £2,000 an hour. It was terrifying."

Advertisement for Montblanc Meisterstück watches, featuring an image of a watch and the text 'MONTBLANC THE ART OF WRITING'.

Advertisement for coat exchange, featuring the text '... and you can part exchange your old coat for a new one!' and 'Unbeatable choice in style and value'.

Advertisement for Christies Old Master Prints, featuring the text 'The right place for Old Master Prints' and 'David Llewellyn'.

Advertisement for Old Friends Does Life, featuring the text 'OLD FRIENDS DOES LIFE. BEGIN AT 40!' and 'MARRIAGE, FRIENDSHIP or COMPANIONSHIP'.

# Coal boss sums up

## THE ENEMIES WITHIN: THE STORY OF THE MINERS' STRIKE 1984-1985 by Ian MacGregor. Collins £15, 394 pages

IAN MACGREGOR'S account of the 1984-85 miners' strike is strong meat. We are, in summary, told this: that he, largely alone (though with the support of the Prime Minister) saw the need for radical industrial change — a change which a myriad of vested interests in Government, the Civil Service bureaucracy, the National Coal Board itself, in the unions and especially in the leadership of the National Union of Mineworkers opposed fiercely. He took them on, and won.

He sees his mission to change in world-historical terms. The change from a labour-intensive to a capital-intensive economy taking place in our society over the last decade or so . . . is inevitable for many reasons. No politician or union boss can order those pressures to disappear. Attempts to resist it can only result in a bigger bang when the pressure finally breaks through to a new and different economic balance. It was my job to try and manage the change — to be a sort of midwife to it — in such a way as to ensure that it caused the minimum of discomfort. And also, where these blockages seemed to be building to intolerable pressure, to find a way of clearing them.

Now it is perfectly true that there was a strong view in Government (most of all embedded in the hated bureaucracy) that the NCB had, under the dual control in the 1970s of Derek (now Lord) Ezra and Joe (now Lord) Gormley allowed inefficiencies to develop on a large scale, and had not closed big loss-making pits. But it is of crucial importance to understand — and it is simply absent in MacGregor's account — that there was a strong lobby for reform within the NCB, a lobby moreover led by (Sir) Norman Siddall, who had a brief interregnum as chairman between Ezra and MacGregor. Siddall, as MacGregor does briefly acknowledge, closed 30 pits in that period: he survived the attempt by the NUM leadership to get a strike; and (this is not said at all) was pressed very hard indeed by Government to stay on, and only retired on his own insist-

ence and on doctor's advice. All senior Government figures who took an interest in the industry thought Siddall an ideal man for the job because he was so obviously a bluff, rather awkward Yorkshireman, steeped in the job, the repository of a huge loyalty on the part of his management — and was fully seized of the need to get the industry into better economic shape.

The exclusion of this from the record allows MacGregor to stand forth in a much more radical guise than he otherwise would have done. Further, his characterisation of many of his fellow executives — Ned Smith, director general of industrial relations, the late Geoffrey Kirk, director of public relations, and Michael Eaton, the North Yorkshire director who was the Board's spokesman for the latter half of the strike — as obstructive faint-hearts who either withheld their loyalty to him or were downright disloyal, is unfair. These men were critical of him, and they did not relish the extra difficulty which a high profile contentious chairman imposed on them while the NUM was led by Arthur Scargill. But the very bureaucratic habits which he excoriates means he could count on their support, and they certainly were at least as alarmed and opposed to Scargill as he was. At first, indeed, many thought him excellent, and they still believe his grasp of the global energy picture, and of marketing, was unrivalled. But since his book has been serialised, they have gone public in criticisms of him as being capricious, arbitrary and — oddly — too willing to concede points of substance to the NUM in the early stages of negotiation. None has yet published his memoirs, though Kirk had half finished one when he was killed in a boating accident and Smith intends to do so: it will be revealing to compare the accounts.

But the ambition of the book is larger than the NCB, larger than the strike — though that was painted on a big enough canvas in all conscience. MacGregor sees himself, with the Prime Minister, as a champion of democracy and freedom (it is a view he came to during the strike, rather than one he began with). His penultimate paragraph is typical:

"During the strike, we came within a whisper of concluding,



Ian MacGregor wanting to take all the credit

as a nation, that the thug and the bully were immune from the law because what they were doing was sanctioned by orders from a union. We fought it and we won. Many people would say the price was too high, but to my mind that is the price you have to pay for freedom. The enemies of democracy are everywhere. If we are not to sink into soulless collectivism, we must realise that we cannot rely on our freedoms always being there. We cannot assume that Scargill, or any other of his like-minded pals on the left, will not make strenuous efforts to reduce us to the state of serfdom he tried to impose on the miners as a whole."

Part of this is far from overblown, in this sense: Scargill was a serious revolutionary figure. Though pursuing a legitimate industrial dispute (not the

thousands of his members were to be, and now have been, made redundant) he did so, with his executive's majority support, by denying his members a ballot and by means which were bound to become violent and which he never repudiated when they did. He had advertised for many years his revolutionary ambitions: he saw the achievement of socialism as wholly indivisible from the fight for better wages and conditions for his members. Any chairman would have had to come to terms with that; and I believe that MacGregor's many critics in the Board are wrong when they say (as some do) that it was only an industrial dispute pursued more militantly than most.

But he cannot seriously assert no-one else saw this but him. The courts, who were energised by the working miners (not the

NCB, or the Government) to act, never "came within a whisper" of legitimising the NUM leadership's actions: indeed, by the end of the strike, they had tied down the union so completely that it still has fully to extricate itself. His much hated political master, Peter Walker, the Energy Secretary, shared MacGregor's view on Scargill if on little else.

MacGregor's best epitaph is his own, humorous description (he has a good sense of humour) of himself: a hoary old bastard who likes to win. But in winning, which he certainly did, he betrays a desire for all the credit. British civil society is not dynamic, but its defences against tyranny are more than MacGregor-deep.

John Lloyd

# Straight play buff

## THE RATTIGAN VERSION by B. A. Young. Hamish Hamilton, £12.95, 222 pages

DINING WITH the ailing Sir Terence Rattigan one evening, B. A. Young was handed a piece of paper on which was written the diagnosis that was in effect the dramatist's death-sentence. Rattigan's accompanying comment was "Not a very good notice."

The line could come from one of Rattigan's plays, most appositely perhaps from *In Fraise of Love*, based as so often in his work on a real-life situation. That of Kay Kendall's final illness during her marriage to Rex Harrison, in which Rattigan describes the real *vie Anglaise* as that clenched, oblique manner with which the English mask their strongest emotions.

B. A. Young's sympathetic critical biography, the sub-title of which recognises Rattigan's lifelong conviction even in the teeth of critical fashion that "the best plays are about people, not about things," explores Rattigan's strength as a dramatist of the implicit and the understated, even within the confines of the well-made play. Although clearly a valued friend, Young, a professional critic well-known to readers of the FT, is clear-eyed enough for a detached survey of Rattigan's career. He sees the limitations of a talent so avowedly hungry for the continuation of phenomenal early commercial success.

As a critical study Young's book makes few advances on ground covered in Rattigan: *The Man and His World* by Darlow and Hodson. But his approach, linking succinct analyses of the plays with a biographical spine much enhanced by his knowledge and understanding of his subject, has markedly different emphases. He is particularly illuminating on Rattigan's attitude to "Aunt Edna," that mythical archetypal middlebrow playgoer, as much his Doppelgänger as his Frankenstein's monster. Her values were basically his; he might claim he was "trying to kick Aunt Edna downstairs" in *Variation On A Theme*, his 1958 updating of La Dame aux Camelias, but as Young indicates, both play and intention revealed fundamental misjudgements based on an increasing lack of involvement in life outside his own limited circle and a changing theatre.

This book also deals sensibly and unobtrusively with Rattigan's homosexuality, seeing in his desire to be wanted emotionally rather than physically, the root of the major theme which often fixes his charge—the domination, the tyranny even, of the strong by the weak—a more potent element in Rattigan's best plays than the much-vaunted "craftsmanship" or "sense of theatre."

There is a continuing argument that Rattigan would have been a better dramatist had he written more openly of homo-

sexuality (the endless implication being that a homosexual writer cannot deal honestly with heterosexual emotions). The *Deep Blue Sea* indeed was based on the suicide of an ex-lover of Rattigan's, and originally structured around a homosexual affair, but as Young says, that play became "a true work of the imagination" (unlike, say, the showpiece *Variation on a Theme*); the first manuscript of *Sea* seems to have disappeared, but I suspect it would only reveal a different play, not necessarily a better one.

B. A. Young is probably accurate in his assessment of the *Browning Version* and *The Deep Blue Sea* as leading candidates in meeting Rattigan's ambition to write "a play that will last"; his book makes one curious to see some less familiar pieces stand the test of revival, particularly *Man and Boy*.

Two puzzles linger — Young seems unaware of the relationship between Diana and Kenneth in *French Without Tears*, so that his hypothetical Act IV to that play posits a most un-Rattiganesque case of incest; and his hazy sense of the geography of London's theatres (page 55) is, for a drama critic (we assume they're in the same theatre as us, if not seeing the same play), positively alarming.

Alan Strachan  
Mr Strachan is Artistic Director of the Greenwich Theatre.

# Rights and wrongs

## A BALANCE OF POWER by Jim Prior. Hamish Hamilton, £12.95, 277 pages

JIM PRIOR was at school at Charterhouse with an old bunch of people: May, the cricketer, William Rees-Mogg, the journalist, and Simon Raven, the novelist who, according to Prior, made him the model for the character Peter Morrison in the sequence *Alms for Oblivion*.

The headmaster and obviously a seminal influence was Robert Birley, who subsequently did service in post-war Berlin, Eton and the University of Witwatersrand in South Africa. Prior, like Birley, was a liberal with a small "l" and one who did not run away from problems.

His early life, despite public school and Cambridge, was not particularly easy. There was not much money in the family and his father discouraged him from going into farming, which was Prior's first love. At Cambridge he switched from agriculture to estate management.

He was picked up as the Conservative candidate for Lowestoft, the area where he lived, more or less out of the blue and without the knowledge of the Tory Central Office. He had gone to Labour seat. Prior won it in the 1959 general election with a majority of 1,489.

He arrived in Parliament knowing no-one and with only one suit—a light blue tweed—to his name, fully expecting to be out next time.

One of the other new entrants that year was Margaret Thatcher. Prior notes that as he made friends with people like Julian Critchley, "she wasn't really one of our set." Much of the rest of the book is the story of how Prior and Thatcher did not get on.

Prior indicates that he supported Reggie Maudling for the leadership in 1963 and tells an interesting story about how Ted Heath supported Douglas Home. He suggests that Heath thought that was the best way of securing the succession for himself later on.

Subsequently, however, he became a Heathman through and through. He was Heath's Parliamentary Private Secretary during the years of Tory opposition in the 1960s, then Minister of Agriculture followed by Leader of the House during the Heath Government. Agriculture, he writes, was the happiest period of his political life.

During the miners' unrest of 1973, he was something of a hawk. Along with Lord Carrington he advised Heath to go to the country sooner rather than later on the question of who governs Britain.

He had already singled out some people he did not much like: not so much Mrs Thatcher herself as her claims to have been rather impressed by, but Sir Geoffrey Howe, who had led the Tories' abortive attempt to reform the law affecting industrial relations, and Leon Brittan, for whom he has scarcely a good word to say.

When Thatcher succeeded Heath as leader in 1979, Prior was too senior a figure to be discarded entirely. He was given responsibility for shadowing employment and took the portfolio when the Tories won the election in 1979. He was offered Brittan as his deputy on the ground that the Prime Minister was "determined to have someone with backbone" in Prior's department, much as



Prior: political hindsight

she recently inserted Angela Rumbold into the Department of Education to keep an eye on Kenneth Baker.

Prior refused and was given Patrick Mayhew instead, a man with whom he was to get on very well and whom he says he would have been happy to see as his successor as Secretary of State for Northern Ireland. He thus demonstrates how capable of acknowledging that Mrs Thatcher is sometimes right — a tribute paid more handsomely when he says that he was wrong to want to cling to the idea of a statutory incomes policy when the was totally opposed to it.

Against the fact that Thatcher and Prior did not hit it off, there are very few revelations in the book. It seems to have been more a matter of personal chemistry than anything else. For instance, it was Prior not Thatcher who proposed Ian MacGregor as head of British Steel — hardly the act of an out-and-out "wet".

He was a successful Employment Secretary in that he changed the law affecting trades union rights and in Northern Ireland, where he went virtually in exile, he paved the way for the Anglo-Irish agreement and won the Prime Minister's support.

When Prior's time was up in Ulster, he would have liked a major department, but had been offered the chairmanship of GEC. Thatcher, he writes, jumped at the chance of getting rid of him, though adding sweetly that there would always be a place for him in the Cabinet.

The nicest story is a conversation with Denis Healey after the formation of the SDP. "You know," Healey said, "you and I should set up our own party." But Denis, Prior comments, was too conservative to leave this great movement of ours, just as I am too Conservative to leave the Tories."

It is to Prior's credit that the book is not as bitter as it might have been.

Malcolm Rutherford

# BOOKS OF THE MONTH

Announcements below are prepaid advertisements. If you require entry in the forthcoming panels, application should be made to the Advertising and Promotions House, 10 Cannon Street, EC4A 4BF. Telephone: 01-346 2131. Order and payment for books should be sent to the publishers and not to the Financial Times.

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# Latin connections

## Fiction

**THE VOYEUR**  
by Alberto Moravia, translated by Tim Parks. Secker & Warburg, £9.95, 186 pages

**THE REAL LIFE OF ALEJANDRO MAYTA**  
by Mario Vargas Llosa  
ISBN 0-2-106282-2 £5.45  
International Labour Office  
86/88 Marsham Street  
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**DVORAK IN LOVE**  
by Josef Skvorecky, translated by Paul Wilson. Chatto & Windus, £10.95, 322 pages

**GUILTY KNOWLEDGE**  
by Lesley Grant-Adams.  
Faber, £9.95, 268 pages

**PRIZZI'S FAMILY**  
by Richard Condon. Michael Joseph, £10.95, 296 pages

**AT THE ripe old age of 79, Alberto Moravia is still turning them out, those pornographic shockers. The *Voyeur* this time, the story of an ex-lewing professor in Rome, obsessed with Mallarmé's obscene poem, *A negro possessed by the devil*.**

So obsessed in fact that he fixes a little girl and a black lady of his own and goes after them with his Polaroid. This, despite the erotic presence of his wife Silvia, who is herself no slouch when it comes to acting up for an audience.

Moravia's publishers would have us believe that this is a book about the complex relationship between voyeur and

# Going up in the air

## GOING SOLO

by Rold Dahl, Jonathan Cape. £7.95, 208 pages

**ALTHOUGH ONLY** a brief excursion into two further chapters of autobiography, following the highly acclaimed *Boy*, Rold Dahl's latest book is delightfully entertaining.

Of the two chapters involving his earliest days working for Shell in East Africa, up to the outbreak of war and his joining the RAF, and then, his life as a fighter pilot, up to the point where injuries effectively ended his combat duties.

Of the two parts, the first is the most amusing, deliberately so, as he fits the experiences of a naive young man going solo into the wide world and becoming quickly exposed to its dotiness, churlishness and unpleasantness as well as its unexpected pleasures. His description of the Mad Major running naked round the deck of the steamer with his equally naked wife is one of the most amusing things I have read for a long time.

The second half of *Going Solo* is more serious in tone, for it deals with the author's brief career as a fighter-pilot, first in Gladiators and then in Hurricanes in the Western Desert and then in Greece and Palestine. Written with a fine economy, what comes through strongly is a graphic tale of a small group of very brave young men with only a bare

reminds one strongly of the comparable incompetence that sent many to their deaths in the trenches of the First World War.

"The book gains strength from being kept terse. It can be consumed in one sitting. I from being kept terse. It can class entertainment.

Michael Donne

Malcolm Rutherford

# Shaw as a young man

## BERNARD SHAW: THE DIARIES 1885-1897

edited and annotated by Stanley Weintraub. Penn State. \$85.00, the set of two volumes. 1241 pages

**BERNARD SHAW** was never a great diarist like Virginia Woolf, but before he became famous, from 1885-1897 he kept a brief record of his life. Here is an example, the entry for Sunday November 8 1885:

Prepared lecture for evening. Tremendous hecking successfully answered. Train to Hammersmith and back 1/1. Rec'd. Mother - (10/1).

The title of the lecture was Socialism and Radicalism and it was delivered at the Hammersmith Club. He subsequently gave it, we learn from the diary,

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# Welsh Ring with polish

**THE WELSH Ring** has now completed its London showing—the first visit by a regional opera company to Covent Garden and the first English-language cycle there since 1909. Even if the experience had been less worthwhile, this would still have been an historically important tetralogy, as it was few people will have seen from this *Götterdämmerung*—and this Ring—unstarred and unwarded. "Vollendet das ewige Werk!"—or its equivalent in Andrew Porter's translation—must have been the line on all Welsh National Opera lips after Thursday's performance.

To place the WNO achievement exactly requires nice judgment. The production was built and planned to tour, to play on a variety of inhospitable, crudely equipped stages, memories of the intricate, costly Ring engineering of Bayreuth, Berlin, or the Royal Opera itself need to be firmly dismissed. Likewise, the orchestral and vocal matters, a similar juggling with the weights and measures of Wagner comparison is required, yet the remarkable thing about at least the final two parts of the WNO Ring has been their way of allowing the audience to discard the petrifying excuses that may have been ready to hand, by dint of ensemble cohesiveness, clarity of story-telling, and true company conviction.

On Thursday it soon became clear, in any case, that finding exacting comparisons for the WNO Ring would be not only a duty but a blessing. Anne Evans, announced as well during *Siegfried*, had almost entirely recovered her powers for the final and heaviest Brünnhilde assignment. (With only an occasional change of projection in the middle register to betray any lingering indisposition). She is probably



Anne Evans as Brünnhilde

the lightest-toned Brünnhilde to take this stage for many years; in the cold light of day one might still reckon her too light for the role.

But on this occasion Miss Evans flooded it with such radiance and womanly nobility, attacked it with such keeness, and bore herself with so just a comprehension of its whole point and purpose, that conventional methods of Wagnerian voice-grading declined into simple irrelevance. Not every WNO cast member is of authentic Ring stature, about Miss Evans, after this beautiful Brünnhilde, there can be no doubt.

Jeffrey Lawton's Siegfried continued to print his personal stamp on the cycle, to very happy effect—he is engaging, candid, genuinely theatrical a level story-teller in Act 3 and capable of seriousness and strength. The singing needs to be refined much further, but the horizontal low ranges and ringing top answer to the call of *Heldenmetz* more valuably than any other British Wagner voice currently available.

Other relationships are no less tellingly delineated: this is one of the most illuminating features of the Göran Jarvafelt production. The Gibichung pair, proud minor German aristocrats both, are seldom so vivid. Barry Atwood, who previously appeared at Covent Garden as Gunther, the Friedrich Ring, leaves here a far sharper impression with his potent, firm voicing and precise enunciation of bravado, weakness, greed, and ruin. Kathryn Harries, the most lusty Götter, I have ever seen, is also the most affecting (though the loose-but-top notes remain worrying). The sisters, Brünnhilde and Waltraute (Patricia Payne), flesh out every passing emotion of their "operatic" semaphoring. Smaller moments of insight into human behaviour abound in unexpected places (the Rheingold scene, for instance): people touch each other affectionately, freely and naturally.

But, as I suggested earlier, *Siegfried*, the larger implications of the work, the epic dimensions, are continually reined in or domesticated. The *Norns* sing well. Anne Collins notably so, but look just like three long-haired women crawling about with a rope. John Travers's shrewdly played Hagen lacks vocal power and stamina, and the dark side of the drama becomes accordingly less distinctive. The "rationalised" treatment of the final cataclysm—chorus starting out into the auditorium as Valhalla burns—somewhere, Götter left

# Dancer who leads the league

**ANTHONY DOWELL** is hoping to do for the Royal Ballet what Kenny Dalglish has done for Liverpool football club. Next week he starts his first season as the ballet's new artistic director at the age of 43 while continuing to be one of the company's principal dancers.

But unlike Dalglish, who last season combined a player-manager role to lead Liverpool to a rare cup and league double, Dowell is not looking to win any glittering prizes in his first season in charge. His aim, instead, will be to raise the morale and standards of one of the world's most famous ballet companies which in recent years has slipped from the pedestal of its own achievements.

Ever since the Royal Ballet celebrated its Golden Jubilee season in 1981, the company has seemed to lose its sense of direction. The critics have been merciless in their condemnation of the standard of dancing in both revived and new choreographic works; they have been unhappy with an over-emphasis on a youth policy which has taken longer to mature than seemed likely, and critical of some of the stars who seemed to live on established reputation rather than current performance.

Moreover, the dramatic impact of the Bolshoi on the public during the summer — which its bold and spectacular productions and athletic dancing — has further served to put the spotlight on the Royal Ballet this season. "It's a cross that English ballet has had to bear for a long time," says Dowell. "In Joe Public's mind, the Bolshoi equals Russian dancing which is seen automatically with good ballet. People sometimes forget just how good we are with our own style of dancing."

Dowell's elevation from the ranks to artistic director while still retaining a dancing career was not a totally unexpected nor particularly radical decision by the Royal Ballet. As with the trend among football clubs to develop player-managers, so

virtually all the other leading ballet companies in the West have put dancer-directors in charge: Mikheil Baryshnikov with American Ballet Theatre, Peter Martins at New York City Ballet, Peter Shaufuss with the London Festival Ballet, and Rudolph Nureyev at the Paris Opera Ballet.

Dowell, however, has been the leading British male dancer for the past generation. His elegant, classical manner and an easy virtuosity established him at an early stage as something to be treasured. When the Fonteyn-Nureyev partnership began to fade, it was Dowell and Antoinette Sibley who assumed the mantle, forging new popularity with Royal Opera House audiences in such ballets as *The Dream* and *Monon*.

To pave the way for taking over the company, Dowell was last season made assistant director to Norman Morrice, the man in charge for the past decade. Morrice's low-key style had made it difficult for him to react sharply to criticisms when things started to go wrong. But Dowell illustrates the internal loyalty to Morrice that outsiders have perhaps sometimes failed to appreciate. "Norman's main aim for a long time was to get me involved with the running of the company," he says. "He always saw me as his natural successor."

Yet Dowell clearly intends to be his own man. He is conscious that the next few weeks are likely to be extremely difficult, since it is the first time that the company has returned from its summer break to almost a month of continuous performances (it normally shares the Opera House with the Royal Opera).

"I want to take a fresh look at the dancers and what is going on," he says. "I don't intend to make any radical changes—the company has its own momentum which just can't be steered in another direction overnight, but there are a number of small details which can be changed quite quickly."

The elements of Dowell's strategy for the Royal Ballet are still at an embryonic stage. But he intends to be more selective in giving younger dancers roles which capitalise on their strengths, rather than expecting them to dance everything well. "I think it is a good thing to let people develop more before they come to certain roles," he says.

Guest artists are likely to appear more frequently under Dowell; he would prefer, where possible, that they join the company for several months at a time rather than just flying in and out for a few performances. And Royal Ballet dancers may be given more opportunities to dance elsewhere themselves. "There is a danger of dancers becoming too blinkered because they live quite a sheltered life within the company. It's good to go outside for a time and see how other people do things."

Perhaps the most significant change initiated by Dowell will not be seen for some considerable time to come. This is the appointment for the new season of David Bintley, a principal dancer with the Sadler's Wells Royal Ballet, as the Royal Ballet's resident choreographer. "A ballet company depends on the strength of its own choreography," says Dowell. "We are very fortunate still to have Sir Frederick Ashton and Sir Kenneth Macmillan with us, but we also need to look to the future."

Bintley, at 28, is a much sought after choreographer whose new ballet *Golonarias* will receive its London premiere next Wednesday. (It was given a world premiere at the Vancouver Expo in the summer). Dowell considers himself lucky to get Bintley for the Royal Ballet, "but because of what was already in the pipeline we are not likely to see a new Bintley work until next season at the earliest."

Dowell himself does not see himself as a true choreographer. "They are such a rare breed—they have a burning passion to bring to life a piece of music on stage," he believes. "I don't think I have that burning passion."

But this season he is taking on the hurdle of mounting a new production of *Swan Lake* for the company which may involve him in some new choreography, especially in Act One. "This is going to be my personal mountain to climb this season," he admits. Dowell, however, has no plans for a revolutionary interpretation of this most famous of ballets. He



Anthony Dowell as dancer in the Royal Ballet's *Dream*

# Double Dutch opening

**AFTER SOME 60** years of talking and planning, and four years of construction, Amsterdam's Muziektheater opened its doors for the first time last week. It is to be the home of the Netherlands Opera and the National Ballet, and its gala opening was attended not only by Queen Beatrix but by a noisy demonstration, for the project has generated strong feelings.

The new opera house now dominates the waterfront of the Waterlooplein in the centre of the city, and there's no doubt its smoothly marbled surfaces sit uncomfortably alongside the mellow old buildings which surround it. Some of the protests have been aimed at the Muziektheater itself, they take design seriously in the Netherlands — and at the razing of a picturesque and ancient quarter of the city to make way for it; others focused on the cost and the state subsidy (70 per cent of the running costs) promised for its maintenance.

On first acquaintance it seems a thoroughly comfortable yet rather cheerless place, the foyers ample and impersonal, with direction signs kept to a less than adequate minimum. The audience seats, in a broad sweeping semicircle, seating 1800 on three levels in undeniable luxury. The stage spans the diameter, a vast space of Cinemascope proportion, it must give dancers a wonderful feeling of freedom, but evidently is going to pose opera producers and performers considerable problems. A small-scale staging will be impossible here. While *The Ring*, *Parafiol* or *Aida* should look and sound very effective, it's hard to imagine Mozart or Rossini working, and anything that demands a close relationship between stage and audience is lost before it begins. The sound is clean, slightly dry but not unpleasant; conductors are going to have to balance stage and pit with some discretion.

To mark the opening, the theatre had commissioned a double bill of ballet and opera. Toer van Schayk's *Zoals Orpheus* was danced to Stravinsky's score with an admirable flair. Greek and Greek, the work of Otto Ketting's *Ithaka* had a libretto by the composer and Kees Hin. *Ithaka* plays in a single act for just 90 minutes, yet seemed three times as long. It takes Cavafy's wonderfully resonant poem of the same name as its starting point for an indelible Mediterranean hotel. Here, a succession of more or less unlikely characters — a journalist investigating the unexplained death of a tango king, a woman searching for an imaginary lover, a homosexual poet who takes a dead sailor around with him, a soft-porn photographer—wait in and out, looking for personal salvation.

Nothing substantial happens and nothing in the plot encourages any detailed interest in the characters or their assorted encounters. Somewhere behind it all is the ghost of Berg's *Lulu*; but the surreal element of that opera is just one component of a richly woven dramatic scheme, while in *Ithaka* there is nothing but the distorted sequence of events, as the protagonists unsuccessfully cast about for a plot. There is a trio of dwarfs (always a bad sign), and a varied selection of sexual couplings, whose ingenuity and scope seem calculated to furnish the interest Ketting's music so conspicuously lacks.

His style approximates to Berg, but Berg deprived of all fire, and rigour. There is a sprinkling of dance rhythms; the tangos of the murdered musician fit through the score from time to time. Otherwise there is no rhythmic distinction, and no obvious attempt to shape the dramatic structure of the opera through its music, which is there simply to provide aural

backdrops of an indiscriminate and unfocused kind.

The cast is padded with a host of supernumeraries, who wander around the stage (there is after all plenty of room for everyone) and remove their clothes or look around according to the mood of the moment. The production, by Franz Marjnen, strays no further than encouraging long, lingering looks between the characters, doubtless intended to be pregnant with meaning. The singing is adequate; there is little scope for individuals to shine, though Ruby Hindis as the listless woman, Star, at least manages to inject warmth and smooth elegance into her vocal lines.

The whole atmosphere of *Ithaka* is the oppressively pretentious that a return visit to the following evening for Liviu

Amsterdam's new Muziektheater on the Waterlooplein waterfront

Culei's production of *Falstaff*, for all its shortcomings, seemed pure bliss. The approach is perfectly straightforward, and basically likeable. Culei sets the opera in a textile mill, the Garter Inn is transmuted into the mill room itself, and Ford's house becomes, in turn, a dyeing room and tapestry makers. It is consistently thought through (with workable designs by Radu and Miruna Borzescu) and the orchestral playing emerged from the opera intact, even if it provides few shafts of illumination.

With such vast spaces to be traversed, the humour of the production is necessarily broad; subtleties are likely to fall by the way. There are nevertheless some smartly timed exchanges, and the orchestral playing emerged from the opera intact, even if it provides few shafts of illumination.

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## Frankly ill-humoured

**RADIO THREE'S** sense of humour baffles me entirely. They have just been heard on a talk called *Our Society*, attributed to Frank Shouder (so that they can say "straight from the shoulder") but actually written by Tom Lubbock and spoken by him in a voice imitating a public-bar philosopher. The first two talks, on Sunday and Wednesday, were of an inanity I could hardly credit, though at least I could see that they were intended to offer some satirical sociology. I could not have believed that this channel would ever offer us anything worse than "The Peuge Papers" but here it is.

And then on Monday they gave us a repeat of *How to Listen*, by Stephen Potter, on Joyce Grenfell, first on Wednesday and then on Friday in 1966. The Third Programme used to set the highest standard in humour, with programmes like Henry Reed's series about the woman composer, *How to Listen* is a Potteresque impression, not only of how listeners would react to the new cultural riches presented by the Third, but of the going-on in the studios when they came. It is observant, imaginative and witty, with none of the aside condescension of these recent pieces of down-market sociology.

Solution to Chess No. 640

White mates in seven by 1-P-K4, 2-Q-R5 and 3-Q-Q5. If the BK meantime runs to Q-N5 then 4-B-QN3, 5-Q-N7, 6-K-N1, 7-Q-Q7 and 8-Q-N7. If the BK goes to the K side instead, then 4-B-B4 and 5-P-Q4 with mate in at most two more moves.

The sequence 1-P-K4, 2-Q-R5, 3-P-K4 (or P-Q4), 4-R-R5 and 5-R-KN5 takes at least eight

Last week's Saturday play was a new version of *The Bohemians*, adapted from Murger, by David Nathan, who showed great restraint in not suggesting that the students in last century's Paris were anything like the students of this century's colleges. Now we have seen *The Immortal Bohemian*, the composer of *La Bohème* (at which he was beaten by Leoncavallo), a more modest artist who has to be remembered these days only by Puccini.

*The Immortal Bohemian* is a very fine play. It opens with Puccini on his way to Brussels to die of a brain cancer, *Traviata* still unfinished. Puccini's soliloquies are couched in an emotional style which, says the Radio Times, is "complicated" by Michael Oliver, so must, presumably, be from Puccini's own words. The style matches precisely the emotional quality of his music, much of which is rehearsed, not only as background but also for its own work.

We hear about the composer's ruthless persecution of his librettists, of his scandal over *Derla*, Mantel, of his scorn for *Lesbois*, of his motorboat, of *La Bohème* and of *The Girl of the Golden West* and the opening of *Traviata*, where Toscanini stopped the music where the dying Puccini stopped it. It is all flamboyantly presented with the help of the BC Radiophonie Workshop and the direction of John Powell. Even for miserable folk like me who do not enjoy Puccini, it was interesting and exciting.

B. A. Young

## Records Writing aloud

Two full-length classics from Covello to Cover Classics complete the fiction list: *Hard Times* (C0319, nine cassettes), Dickens's furious diatribe against mill-town employers, read with passion by Stephen Thorne; and *Hardy's The Mayor of Casterbridge* (C0028, nine cassettes), the tragedy of a strong man bedevilled by a cruel and criminal act committed in youth, finely read by John Rowe.

Turning to recorded drama, LFF had re-issued a pearl beyond price: Sir John Gielgud's 1981 production of Wilde's *The Importance of Being Earnest* (LFF 7242, two cassettes), with Gielgud himself, Dame Edith Evans, Roland Culver, Pamela Brown and Celia Johnson. Precious in both senses, high-spirited and absurd, but full of distinction, this one must be heard.

There has been a lot of good poetry to listen to as well. From Argo's archive comes a newly compiled selection (SAY Series 414 72-4) of Twelve Poets of the Twentieth Century, introduced and read by the poet himself. There is the inimitably dry, dry voice of Stevie Smith, whose that is as delectable as the poems themselves.

Here are George Barker, Elizabeth Jennings, Charles Causley, Laurie Lee, Norman Nicholson, talking about his

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**Clubs**

FVR has covered the others because of a policy of fair play. See the other reviews in this column. Discs and cassettes. 169, Regent St., W1, 01-752 0577.

Mary Postgate

The man who is set on making it America's cup again: Keith Wheatley reports from Australia

Arrival of Top Gun on the water



Dennis Conner

DENNIS CONNER'S presence in Australia has put the America's Cup in perspective...

He is the son of a San Diego commercial fisherman. As a precociously talented teenager he kicked in the door of his snobby local sailing club...

Looking forward to making enough money to stay in it. I really enjoy it. You just couldn't pay me to work this hard...

Conner's hot temper and lack of patience with human error are a legend. American reporter Matthew Roving went aboard Stars and Stripes '85 with him...

In 1980 when striving to be chosen as defender by the New York Yacht Club, he calculated that he had sailed aboard his 12-metre Freedom for 340 days...

The fastest boat, the best-trained crew and the best organisation is the catalyst that enables him to release his considerable talents behind the wheel...

'Naturally I don't like losing but I'm not on a personal vendetta' - Dennis Conner on the eve of the preliminary races

"Oh," cooed the receptionist at the headquarters of the World Hockey Cup. "That's another newspaper interested, and it's the PINK one..."

The event is being held in England to celebrate the centenary of the Hockey Association, the sport's first organising body...

Conner in Hawaii recently. A young sailor went out to the bow to help with a spinaker change. He moved too soon...

Conner at Hawaii recently. A young sailor went out to the bow to help with a spinaker change. He moved too soon...

Conner at Hawaii recently. A young sailor went out to the bow to help with a spinaker change. He moved too soon...

Conner at Hawaii recently. A young sailor went out to the bow to help with a spinaker change. He moved too soon...

Now the lonely training, the fund-raising and the introspection are over. The two yachts are here. Conner is in Fremantle. The big play begins...

Job against a far superior boat. Only yachting people understood that and were sympathetic. This time we've got the talent and the technology and we're going to get the cup back...

Nicholas Keith looks at the England team's chances in the great hockey event

Eyes of the world on Willesden

extremely evenly-matched and England have a good chance on home ground. Colin Whalley, the England team manager, explained: "We play each other on terms that we are all on a Christian name basis..."

Willesden, a Guernsey banker, was speaking after England's last training match on Tuesday when they lost 2-0 to the fit and fancied Australians...

names may be remotely familiar are Kerly, the centre forward, and Taylor, the goalkeeper (although they would be instantly recognisable to millions of Indian fans)...

Faulkner, Leman and Potter. David Whitaker, the coach, is also a key figure. With over 60 caps to his name, he becomes the FA's national director of coaching next month...

Whitaker, who is in charge of games at Marlborough College, Wilts, will attempt to consolidate the advance that hockey has made in comprehensive schools, in spite of the teachers' dispute...

Of the 12 nations competing at Willesden, the top six in the last World Cup were automatically entered, as were England as hosts. The remaining five qualified through regional competitions...

ENGLAND PROGRAMME October 4 v New Zealand (noon). 6 v Argentina (2.30). 8 v USSR (4.30). 11 v Pakistan (7.30). 13 v Netherlands (4.30). 16-19: Play-off places 3-7. 18: Semi-finals (noon and 3). 19: Final (3). Venue: National Hockey Centre, Willesden Stadium, London.

with Anne Evans as Brunhilde and Jeffrey Lawton as Siegfried. Prologue and Act 1, 7.15. Critics' Forum, 8.05. "The Ring" (continued) Act 2, 8.20. Fish at the Door, 8.40. The Ring, 9.15. 11.10 The Jazz Pavilion. Jacki Byrd and Howard Riley, 11.57-12.00 News.

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Richard Briers, Penelope Wilton and Peter Egan: Ever Decreasing Circles, BBC 1, 7.15 pm.